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PHARMA

Xspray Pharma
Annual report 2025

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Xspray Pharma

Xspray Pharma AB (publ) is a pharmaceutical company with several product candidates in clinical development. Xspray Pharma uses its innovative, patented HyNap technology to develop improved versions of marketed protein kinase inhibitors (PKIs), known as original drugs, for the treatment of cancer. The segment is the largest in the field of oncology, and drug prices are extremely high.

PKIs revolutionized the treatment of cancer when they entered the market more than 20 years ago, and there are now over 90 approved PKIs in the US market. Despite their clinical advantages, they are associated with problems such as low solubility, high variability in absorption and impact on uptake in conjunction with the simultaneous ingestion of food and/or other drugs. These properties negatively impact patients' quality of life and can result in a less efficacious treatment. Xspray Pharma's business strategy is to improve these properties using the company's technology, and develop best-in-class drug products.

Dasynoc®

The company's product candidate, Dasynoc®, is ready for launch in the US market in conjunction with approval by the FDA. The launch is expected during the second half of 2026.

- Dasynoc® remains unaffected by the pH value of the stomach and can thus be used together with proton-pump inhibitors such as omeprazole without impairing the absorption of the drug. This facilitates concurrent treatment of common diseases in the stomach, such as peptic ulcers and gastritis, which can be treated with proton-pump inhibitors while the patient is being treated for cancer.
- Dasynoc® yields a more even absorption of the drug in the body compared with the severe fluctuations in absorption seen in earlier studies of the original product.
- Dasynoc® can be administered at a 30-percent lower dosage than the original product, due to this improved absorption.

XS003 nilotinib

The application for market approval of the company's product candidate, XS003 nilotinib, was submitted to the FDA in August 2025. The application is currently under review and a PDUFA date – the FDA's target date for announcing a decision on the company's application – has been set for June 18, 2026.

- XS003 nilotinib demonstrates bioequivalence with the original drug, Tasigna®, at less than half the dose of Tasigna®.
- XS003 nilotinib has a greatly reduced food interaction compared with the original drug, which may decrease the risk of cardiovascular side effects with food intake.

The year in brief

First quarter, January-March

- In January, Xspray Pharma issued an update to the schedule for the updated FDA application for Dasynoc®, the company's lead product candidate. One batch of tablets was aberrant, which required a revised timeline. A new batch was manufactured to ensure quality, and production resumed.
- In January, interim data was presented from a food interaction study with product candidate XS003 nilotinib. The study showed that bioavailability remained stable regardless of food intake. These results confirm the benefits of the company's patented HyNap™ technology platform and its ability to deliver significant benefits for patients compared with existing PKI drugs.

Second quarter, April-June

- In April, Xspray Pharma announced that it had submitted its updated application for market approval for Dasynoc® to the FDA. The FDA subsequently set the PDUFA date for October 7, 2025, which was the deadline for communicating its decision on the company's application.
- At the Annual General Meeting on May 13, 2025, it was resolved to re-elect Anders Ekblom (Chairman), Anders Bladh, Christine Lind, Robert Molander and Carl-Johan Spak as members of the Board of Directors and to elect Markus Haeberlein and Anne Prener as new members of the Board of Directors. The AGM further resolved to adopt a long-term incentive program for employees (LTIP 2025).
- In June, Xspray Pharma announced that the FDA had conducted a successful Pre-Approval Inspection (PAI) of the company's manufacturing lines, located at a contract manufacturing partner. The inspection took place as part of the FDA's general Good Manufacturing Practice (GMP) inspection of the entire manufacturing facility.

Third quarter, July-September

- In July, Xspray Pharma announced the completion of a population pharmacokinetic (PopPK) modeling study that confirmed bioequivalence between XS003 nilotinib and the original drug Tasigna®. Bioequivalence was achieved at less than half the dose compared with Tasigna®. Consequently, the application for market approval of the product candidate XS003 nilotinib could be submitted to the FDA in August.
- In August, Xspray Pharma entered into a license agreement with Handa Therapeutics ("Handa") granting Handa a non-exclusive license to certain Xspray patents. The license covers commercialization of a dasatinib product in the US market and, at a later stage, selected Asian markets. Under the agreement, Xspray will receive up to a double-digit royalty on Handa's net proceeds.
- The Board decided to conduct a new issue of shares of approximately SEK 130 million, with preferential rights for the company's existing shareholders, as well as an over-allotment issue. The issue was heavily oversubscribed and in light of this, the over-allotment issue was increased from SEK 20 million to approximately SEK 31 million. Through this rights issue and over-allotment issue, Xspray received proceeds totaling approximately SEK 161 million before deduction of transaction costs. Additionally, the Board decided to refinance an existing loan. The maturity was extended by 18 months and the loan was increased by SEK 25 million.

Fourth quarter, October-December

- In October, the FDA issued a Complete Response Letter (CRL) regarding Xspray's application for market approval for Dasynoc® referring to GMP observations at a contract manufacturer as well as additional questions regarding product information. However, these observations did not cover the Xspray production line.
- In October, the FDA announced that it had accepted the application for market approval of XS003 nilotinib for review and set the PDUFA date for June 18, 2026, which is the date on which the agency is expected to issue a decision on the application.

Events after the period

- In February, Blake Leitch was appointed Chief Executive Officer, effective no later than June 1, 2026. He succeeds Per Andersson, who will continue in the role of Chief Scientific Officer.
- In February, Xspray Pharma announced that it had submitted its updated New Drug Application for Dasynoc® to the U.S. Food and Drug Administration (FDA). The application includes the additional information requested by the FDA.
- In March, the FDA announced that it had accepted the resubmitted application for market approval of Dasynoc® for review and set the PDUFA date for August 25, 2026, which is the date on which the agency is expected to issue its decision on the application.
- In March, the company announced that the Board had decided to carry out a rights issue of shares of approximately SEK 83 million, with preferential rights for the company's existing owners. The rights issue can be increased by up to SEK 20 million through an over-allotment option.

History

With Xspray Pharma's unique technology platform and a focus on development of improved PKI drugs for cancer treatment, the company has several exciting product candidates in development. Repeated studies show clear advantages with Xspray Pharma's products compared to currently marketed PKI drugs. When Xspray Pharma was founded in 2003, the company focused on development of particle technology in connection to production of drugs, which later became known as the company's HyNap technology.In 2021, the company transitioned from development of both improved and generic drugs to focusing solely on improved drugs. This was an important decision which resulted in increased focus on development of new product candidates with advantages for improved patient outcomes that are not limited by a requirement to be an exact copy of the original product. An improved product also has greater economic potential, both during and after the patent window, meaning the period of time between the expiration date of the primary drug substance patent and the expiration dates of relevant secondary patents that cover crystalline forms of the drug.

2025
Bioequivalence demonstrated between XS003 nilotinib and the original drug, Tasigna®, at less than half the dose of Tasigna®. In addition to this, XS003 nilotinib displayed a significantly reduced food interaction and a more predictable dose response, which allows for more precise dose adjustments in clinical practice. The application for market approval of XS003 nilotinib for the treatment of chronic myeloid leukemia (CML) was submitted to the US Food and Drug Administration, which initiated a review of the application. Xspray Pharma entered into a license agreement with Handa Therapeutics ("Handa"), which grants Handa a non-exclusive license for certain Xspray patents. The license covers commercialization of a dasatinib product in the US market and, at a later stage, selected Asian markets.

2024
Xspray Pharma focused on setting up its commercial infrastructure and establishing the need for Dasynoc® in the US health care system. The company participated in such conferences as the American Society of Hematology (ASH), the American Society of Clinical Oncology (ASCO), the National Community Oncology Dispensing Association (NCODA) and the Society of Hematologic Oncology (SOHO). To reduce the risk of medication error, some of Dasynoc's tablet strengths were adjusted. The pivotal studies for XS003 nilotinib were conducted. An additional product candidate, XS025 cabozantinib, was announced.

2023
Xspray Pharma strengthened its commercial organization ahead of the launch and commercialization of Dasynoc® in the US and signed an agreement with EVERSANA Life Science Services, LLC (EVERSANA). The company reached a settlement with the Bristol-Myers Squibb Company (BMS) that clears all pending claims on Dasynoc® and paves the way for Xspray Pharma to launch Dasynoc® following FDA approval. The study findings that were published in the European Journal of Haematology confirmed that Dasynoc® has a key function to fulfill for patients by facilitating simultaneous treatment of, for example, peptic ulcers. XS003 nilotinib achieved comparable bioavailability with Tasigna®.

2022
The FDA commenced a review of the application for market approval of Dasynoc®. BMS filed a lawsuit against Xspray Pharma for patent infringement in February 2022. The FDA granted Dasynoc® orphan drug status for treatment of both chronic myeloid leukemia and acute lymphoblastic leukemia.

2021
A study showed that Xspray Pharma's Dasynoc® achieved the same bioavailability as the original product Sprycel®, but with a 30-percent reduced dose. Xspray Pharma submitted an application to the FDA for market approval of Dasynoc® according to the 505(b)(2) NDA process. The company decided to focus its development efforts exclusively on improved PKIs instead of both improved and generic PKIs.

2003-2020
Xspray Pharma was founded in 2003. The company's HyNap technology was developed with a focus on PKIs for treatment of cancer. Positive results were shown from clinical studies of an improved as well as a generic version of dasatinib for treatment of chronic myeloid leukemia (CML). Xspray Pharma initiated a collaboration with a Good Manufacturing Practice-approved manufacturing facility for production of the amorphous material. The company succeeded in producing the amorphous material for Dasynoc® on a commercial scale, and ensuring the flow of production. XS003 nilotinib was further developed and received orphan drug status from the FDA for treatment of chronic myeloid leukemia.

CEO letter

Dear Shareholder,

In 2025, Xspray took several decisive steps on our journey to becoming a commercial pharmaceutical company. While we cannot yet determine the outcome of the ongoing regulatory processes, we do know that we have created the best possible conditions to launch not only our first, but our first two products in the U.S. market during the second half of the year. As Xspray Pharma now transforms into a commercial-stage pharmaceutical company, a new chapter in the company's history is being written, something both the company and I personally have worked towards for 20 years.

Reset and further strengthened positioning

A significant part of the year was devoted to yet another CRL for Dasynoc®. This disrupted our plans to launch already in 2025, but we have used the time well. We were given the opportunity to finalize and submit the marketing application also for our second product, XS003 nilotinib.

We have also further improved the conditions for upcoming launches. We have continued to build the evidence base requested by physicians, payers, and authorities. The response has been overwhelmingly positive as specialists have now truly recognized our technology. Today, we have established broad clinical support among leading CML specialists in the United States.

Following additional submissions, we resubmitted the application for Dasynoc® in February 2026. With Dasynoc® and XS003 nilotinib, we now have two drug candidates for the same indication under FDA review, with PDUFA dates in 2026, June 18 for XS003 and August 25 for Dasynoc®. Together, they address a market of approximately USD 2.7 billion, and the conditions for a coordinated launch are favorable.

An important event during the year was that the FDA conducted a successful Pre-Approval Inspection of our manufacturing at our Italian third-party manufacturer. This positive news has somewhat been overshadowed by the CRL we later received, mainly related to GMP observations in another part of the contract manufacturer's operations. The new owner, Benta Group, is now working to address these deficiencies in time to enable our launches in the second half of the year.

During the year, we entered into our first out-licensing agreement, an important external validation of both our technology and our business model. We demonstrated the strength of our flexible organizational model, prioritized activities, and reduced costs. We secured our financing through a heavily oversubscribed capital raise that provided approximately SEK 161 million before transaction costs. Existing loans were refinanced with extended maturities, resulting in increased financial stability. In March 2026, we resolved on a rights issue of approximately SEK 83 million, with the option to increase the amount by a further SEK 20 million through an over-allotment option, in order to further strengthen our financial preparedness ahead of upcoming launches.

A significant market opportunity

The U.S. market for the substance dasatinib exceeds USD 1.5 billion annually. It has remained stable even after opening to generics in the autumn of 2024. Generics have taken market share from the originator product, but the total market has remained largely as we anticipated. The nilotinib market follows a similar pattern.

In this landscape, we have positioned ourselves with two improved drug candidates. Dasynoc® is an amorphous form of dasatinib that demonstrates bioequivalence at approximately 30 percent lower dose, with an improved solubility profile and compatibility with proton pump inhibitors. The lower dose strength and more robust exposure during concomitant PPI treatment contribute to stability, predictability in absorption, and the potential for fewer side effects.

XS003 nilotinib has demonstrated bioequivalence with Tasigna® at less than half the dose in studies and shows the lowest food effect of all bioequivalent nilotinib products. This reduces the risk of QT prolongation associated with food intake and simplifies daily life for patients on long-term treatment.

Subject to regulatory approvals, our plan is to carry out a coordinated launch of Dasynoc® and XS003 during the second half of 2026 together with our partner EVERSANA, while retaining 100 percent of revenues. We are not only building a single product launch, but a commercial infrastructure capable of supporting multiple products over time.

Innovation, evidence, and 20 years of development

As this will be my final annual report as CEO of Xspray Pharma, I would like to highlight the journey we have made, from innovation to a commercializable platform and drug candidates under regulatory review. The now patent-protected HyNap platform originates from a technological core we have developed over two decades, from early experiments with supercritical carbon dioxide and inhalation particles to today's stable amorphous formulations of tyrosine kinase inhibitors. The vision has always been to develop better medicines through innovative formulation. Today, we are demonstrating what that means in practice.

During the year, we have continued to build the evidence base requested by physicians, payers, and authorities. A systematic review highlights why many patients are forced to discontinue treatment with crystalline dasatinib due to pleural effusion. Health economic analyses from a U.S. payer perspective show how concomitant use of acid-reducing agents and tyrosine kinase inhibitors drives healthcare costs, precisely the structural problem our formulations are designed to mitigate. Our data and the HyNap platform have been recognized in leading scientific forums such as the ASH Congress and the British Journal of Clinical Pharmacology.

When I joined the company in 2003 as its first employee, I worked together with researchers with world-leading expertise in supercritical carbon dioxide. We built our own equipment and demonstrated that the technology could be scaled. When we identified the first stable amorphous particles, we realized that we could create a new market segment by improving existing cancer drugs rather than developing entirely new substances.

Over time, this work has also gained a deeper personal dimension for me. A close family member lives with chronic leukemia, and I see daily what side effects and treatment limitations mean. Working to improve the quality of life for patients on lifelong treatment has given meaning to every financing round, every study, and every dialogue with authorities.

Vision 2030 with an adjusted timeline

Our financial vision remains unchanged, with net sales exceeding USD 400 million and a profit margin above 65 percent. However, regulatory delays mean that we now realistically expect to have at least three products on the market to 2030, rather than five as previously communicated. This is an adjustment in timing, not in potential. The need, the market, and the business logic remain unchanged. We address a growing segment of chronically ill cancer patients who are already treated with effective tyrosine kinase inhibitors but suffer from unnecessary side effects and limitations due to suboptimal formulations.

Going forward, we will also continue to benefit from patent windows where the originator drug loses protection while secondary patents still create barriers to entry for generics. We are building a platform rather than individual products, the same technology and commercial structure can support multiple drugs over time.

In February 2026, the Board appointed Blake Leitch as the new CEO of Xspray Pharma, with effect from June 2026. At my own request, I will then transition to the role of Chief Scientific Officer, with full focus on research, development, and accelerating the continued advancement of next-generation products. The Board's decision to appoint a leader with a clear commercial focus reflects where we are in the company's development.

The path forward is clear

I would like to conclude by addressing you directly as a shareholder and investor. Over the past twenty years, I have carried out approximately as many financing rounds. Without your trust and your willingness to repeatedly invest in Xspray, despite CRL outcomes and adjusted timelines, we would not have reached the point where we stand today. For that, I would like to express my deep gratitude, both personally and on behalf of the entire company.

I am fully aware that we have previously spoken about upcoming launches that were later delayed. Today, I promise no specific dates. Approval decisions lie with the authorities, but we have addressed the questions raised. Our data are strong, clinical specialists in the field are expectant, and our organization is well prepared to capture the opportunities when decisions are made. We are ready for the next chapter.

Per Andersson,
CEO Xspray Pharma

Market

Continued demand for improved cancer treatments

Although significant improvements in the development of new cancer treatments have been made and the prognosis for many cancer diagnoses has improved, cancer remains a major healthcare challenge worldwide. According to The International Agency for Research on Cancer (IARC), 20 million new cases of cancer were diagnosed globally in 2022 and it is estimated that this number will increase to 35 million cases by 2050 – corresponding to an increase of 77 percent compared to 2022. 9.7 million people died of cancer in 2022, and it is also estimated that approximately 54 million people were living five years after having received their cancer diagnosis.

The global market for cancer drugs in 2025 was valued at USD 242 billion.

Forecasts show that this will continue to grow, to USD 667 billion in 2034. This corresponds to an annual growth rate of 12.1 percent in the period from 2026 to 2034. North America remains the leading region, accounting for approximately 44.8 percent of the global market share in 2025, thanks to a high prevalence of cancer, advanced healthcare infrastructure and extensive R&D investments.[1]

[1] "Fortune Business Insights." Market Research Report. Feb 2025.

Marketed protein kinase inhibitors (PKIs) and their therapeutic indications

Indication	Marketed PKIs
Liver cancer and bile duct cancer	Sorafenib, Cabozantinib, Regofarein, Lenvatinib, Pemigatinib, Futibatinib, Infigratinib
Leukemia	Imatinib, **Dasatinib**, **Nilotinib**, Ponatinib, Bosutinib, Asciminib, Ibrutinib, Idelalisib, Midostaurin, Ivosidenib, Duvelisib, Gilteritinib, Olutasidenib
Rheumatoid arthritis	Tofacitinib, Baricitinib, Upadacitinib
Lung cancer	Afatinib, Erlotinib, Gefitinib, Dabrafenib, Crizotinib, Ceritinib, Alectinib, Osimertinib, Brigatinib, Dacomitinib, Loratinib, Entrectinib, Capmatinib, Pralsetinib, Selpercatinib, Tepotinib, Mobocertinib, Trametinib
Gastrointestinal cancer/ Gastrointestinal stromal cell tumor	Imatinib, Regorafenib, Ripretinib
Kidney cancer	Sorafenib, **Cabozantinib**, Levatinib, Tivozanib, Sunitinib, Pazopanib, **Axitinib**
Thyroid cancer	Sorafenib, Cabozantinib, Levatinib, Dabrafenib, Pralsetinib, Selpercatinib, Vandetanib
Lymph node cancer	Imatinib, Idelalisib, Duvelisib, Crizotinib, Loratinib, Acalabrutinib, Copanlisib, Zanubrutinib, Pirtobrutinib
Melanoma	Ibrutinib, Dabrafenib, Vemurafenib, Trametinib, Cobimetinib, Binimetinib, Encorafenib
Breast cancer	Lapatinib, Palbociclib, Neratinib, Ribociclib, Abemaciclib, Alpelisib, Tucatinib
Idiopathic pulmonary fibrosis	Nintedanib
Glaucoma	Rhopressa
Bladder cancer	Erdafitinib
Pancreatic cancer	Erlotinib, Gefitinib
Endometriecancer	Levatinib
Neurofibrom	Erdafitinib, Selumetinib
Other	Trilaciclib, Ruxolitinib, Fedratinib, Fostamatinib, Larotrectinib, Pexidartinib, Belumosudil, Pacritinib, Deucravacitinib, Tirbanibulin, Abrocitinib

Xspray Pharma's announced product candidates are derived from the following substances: Dasatinib, Nilotinib, Axitinib and Cabozantinib.


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Protein kinase inhibitors

Protein kinase inhibitors (PKIs) are one of the most effective treatments of cancer, and for certain types of cancer PKIs are one of only a few available options. PKIs inhibit the growth of cancer by blocking a type of growth-stimulating enzyme known as kinases. The increases in cancer and autoimmune diseases are important factors that are expected to drive the increase in the number of PKIs. It is common for cancer patients to be treated with PKIs for several years – sometimes for life. PKIs are the largest segment in the field of oncology, and sales of PKI drugs are estimated to be just over one third of the total oncology market in the US, a segment in which drug prices are very high.

At present, there are more than 3,000 ongoing clinical studies with PKI drugs (Phase I–III) and approximately 90 approved PKI drugs have been launched in the US market. As many as 23 of these have drug substance patents in the US that expire by 2030.[2] The drug substance patents that are expiring include the original drugs that contain the active substances on which Xspray Pharma's product candidates are based.

[2] "Roskoski, R. (2025). Properties of FDA-approved small-molecule protein kinase inhibitors: A 2025 update. Pharmacological Research.

Challenges associated with crystalline PKIs

Today's PKI drugs are most often produced with PKIs that have a crystalline structure. A known problem with crystalline PKI drugs is that they are difficult to dissolve, and that the absorption can vary based on the stomach's pH-value. This often results in uneven absorption of the drug in the body. If absorption of the drug is too low, the therapeutic effect can be reduced, and if absorption is too high, the risk of side effects increases. Moreover, PKIs are often associated with interaction with food and other medications. All together, these factors can negatively affect the drug's safety profile and efficacy, which is why it may be recommended that patients not eat or take other medication for a period before and after intake of the PKIs.

Clinical advantages of Xspray Pharma's PKI drugs

Amorphous PKIs are being developed using Xspray Pharma's technology platform, HyNap, that addresses the challenges of crystalline PKIs. HyNap thus generates products with best-in-class potential, with significant clinical advantages, by:

- Increasing the drug's solubility and thereby its bioavailability compared with the original drug.
- Reducing variability in absorption compared with the original drug.
- Reducing or eliminating pH-dependent absorption of the drug, which facilitates co-medication with pH-increasing drugs such as omeprazole.
- Reducing or eliminating the drug's food interaction, meaning the impact on the drug's absorption as a result of simultaneous food intake.

Trends

Demographic trend

The demographic trend is resulting in an aging population due to increased life expectancy and less children being born primarily in Europe, the US and Japan. For example, the proportion of people over the age of 80 is expected to double between 2016 and 2050. This demographic trend will lead to increased needs for medication and innovative medical technology products.

Increased use of drugs

The use of expensive patented original drugs will increase, driven primarily by developing countries. Orphan drugs will account for a growing share of patented drugs since the prevalence of rare diseases is increasing, which has led to greater interest in development of these drugs among both pharmaceutical companies and authorities.

Business model and strategy

Xspray Pharma uses its innovative and patented HyNap technology to develop amorphous product candidates that are improved versions of marketed protein kinase inhibitors (PKIs) for treatment of cancer.

Vision

Xspray Pharma's vision is to use its patented HyNap technology to establish itself as a leading player for improved versions of marketed protein kinase inhibitors (PKIs) for cancer treatments, thereby increasing the quality of life and chances of survival for patients. Through a confirmed improvement profile and an active patent strategy, Xspray will capture market shares and create long-term profitability for the company and its owners.

Business model

Xspray Pharma uses its patented HyNap technology to develop amorphous product candidates that are improved versions of marketed crystalline PKIs for treatment of cancer. The company believes that its product candidates will have an advantageous competitive position that could result in significant market potential. The technology also facilitates the launch of product candidates when a patent window arises in the market, meaning during the period of time between the expiration date of the primary drug substance patent and the expiration dates of relevant secondary patents that cover crystalline forms of the drug. Also after the expiry of the original drug's secondary patents, Xspray Pharma's product candidates retain their profile advantages that are beneficial for patients, compared to generics that replicate the original drug.

Xspray Pharma has a significantly shorter development period for its improved product candidates compared with the original product. Xspray uses a simplified regulatory process where no efficacy or safety studies need to be conducted, given that references to the original drug's previously conducted studies are permitted. Only Phase I studies in healthy volunteers are thus required to demonstrate comparable bioavailability with the original product. These studies are considerably shorter and require less capital. Moreover, Xspray is conducting specific clinical studies to demonstrate the advantages of the product candidates in relation to the original product and its generics.

Strategic focus areas

Research and development

Xspray Pharma develops its product candidates as amorphous improved versions of marketed protein kinase inhibitors with crystalline structures and are approved according to the FDA 505(b)(2) New Drug Application regulatory process. Under this process, parts of the application for market approval can refer to a previously approved reference product, which means that Phase II and Phase III clinical studies do not need to be conducted. This results in a shorter development period, lower costs and lower regulatory risk. Of the approximately 90 PKIs that are currently being marketed in the US, 23 drug substance patents are expected to expire by 2030.

To date, Xspray Pharma has tested its HyNap technology on approximately 20 PKIs that are marketed in the US, with positive results. The HyNap technology is the foundation for Xspray Pharma's product portfolio. The product portfolio consists of carefully chosen product candidates for which Xspray Pharma see the greatest improvement and market potential.

Active patent strategy

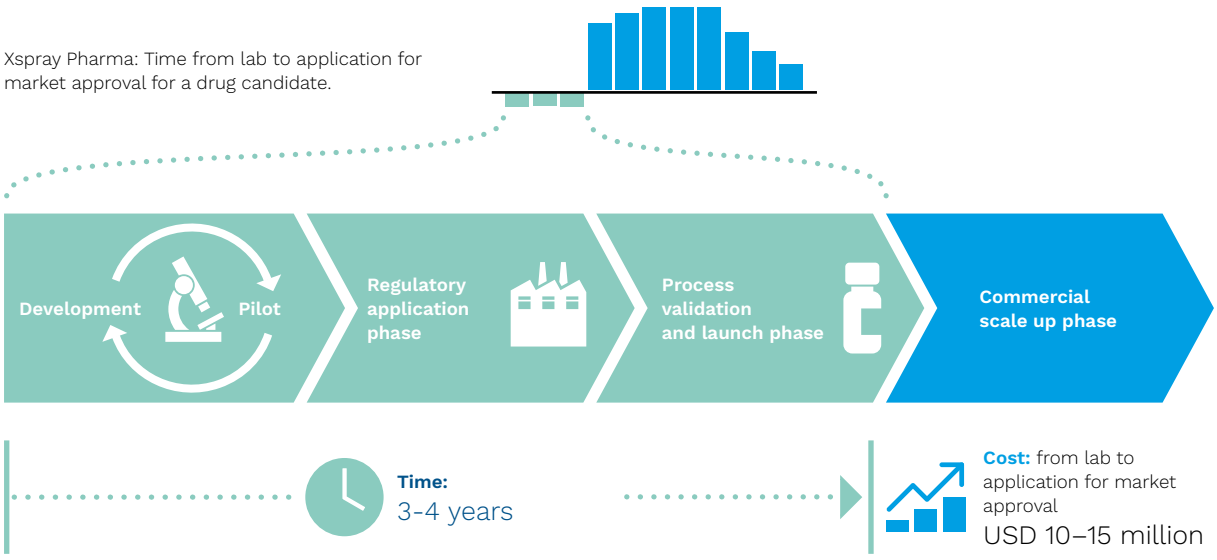
Xspray Pharma is pursuing a patent strategy that is important to the operations, for the purpose of protecting its intangible assets. This is achieved by patenting the company's internally developed technology platform and product candidates. Exhaustive preparatory work minimizes the intellectual property rights risk in the projects where the company is developing improved versions of products that are already being marketed. Moreover, this preliminary work ensures that the company will be well prepared for any litigation in conjunction with the registration application for a new product candidate.

Where drugs are concerned, the primary patent protects the active substance and the secondary patents protect other aspects of the original drug, for instance crystalline structures of the active compound. Since Xspray Pharma develops drugs with amorphous structures, they are not covered by the original drug's secondary patents pertaining to crystalline structure. The products can thus be marketed immediately after the original company's drug substance patent has expired, which leads to a favorable environment for a launch. Also after the expiry of the original drug's secondary patents, Xspray Pharma's product candidates retain their profile advantages that are beneficial for patients, compared to generics that replicate the original drug.

Production

The production strategy focuses on securing a supply chain, from production of the amorphous substance to the final tablet or capsule, and simultaneously securing sufficient production capacity for both clinical studies and commercial needs. The patented amorphous substance material is manufactured using the company's manufacturing equipment, which can be installed at the sites of well-established contract manufacturing organizations (CMOs). Even though production takes place at an external CMO, Xspray Pharma maintains full ownership of the manufacturing equipment, which means that the production can, if necessary, be relocated or that additional manufacturing equipment can be established at additional CMOs. This is an important part of long-term risk management and helps ensure supply security in the event of unforeseen disruptions.

Xspray Pharma: Time from lab to application for market approval for a drug candidate.



Commercialization

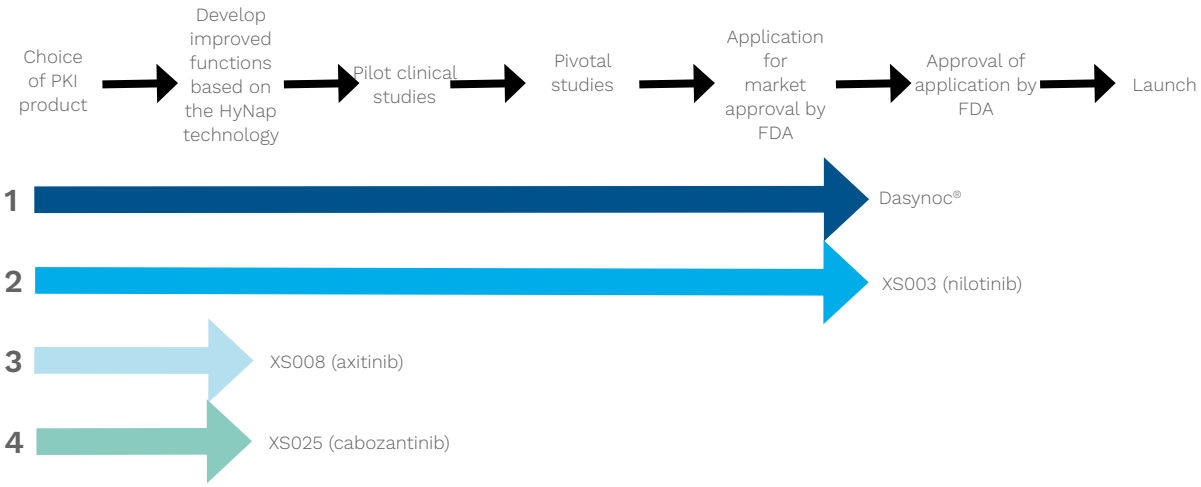
Since Xspray Pharma's product candidates have an amorphous structure, they can be launched after the original drug substance patent expires. They can thus be marketed in parallel with the original company's product, which creates an advantageous competitive situation for Xspray Pharma's products. Even after the market opens up to generics, Xspray Pharma's products have strong and patented advantages based on the HyNap technology.

By offering clear benefits to patients, Xspray Pharma's products are expected to gain sizable market shares from the original drug. As a first step, Xspray Pharma plans to introduce its products to the US market. Profit margins are deemed higher in the US than in rest of the world since PKIs are highly priced on the US market.

Xspray Pharma strives to generate revenue by taking the company's product candidates to registration on its own, to subsequently either sell the product itself, or sign agreements with an external partner who manages marketing and sales. The company's product candidates can therefore be commercialized in various ways, depending on which factors are deemed to be most advantageous for the respective product candidates.

Xspray Pharma has a partnership agreement with EVERSANA for the commercialization of Dasynoc®. Xspray Pharma maintains financial and strategic control, and grants EVERSANA exclusive rights to assist Xspray Pharma in commercializing and launching Dasynoc® in the US. This will make an efficient market introduction for Dasynoc® possible with EVERSANA's infrastructure and experience, while Xspray Pharma retains control of the product and receives 100 percent of its revenue.

Overview R&D status – product portfolio



License agreement with Handa Therapeutics

During the year, Xspray Pharma entered into a license agreement with Handa Therapeutics. This agreement grants Handa a non-exclusive license to parts of Xspray's patent portfolio for the commercialization of its dasatinib product in the US market, and subsequently in selected Asian markets. Under the agreement, Xspray Pharma is entitled to receive up to a double-digit percentage in royalties on Handa's net proceeds. This agreement is the first outlicensing from the company's expansive patent portfolio, and marks an important milestone in the capitalization of the company's intangible assets. It confirms the value of Xspray Pharma's long-term efforts to build a strong, broad patent portfolio and demonstrates the commercial potential of the company's HyNap technology. The company's core strategy of developing and commercializing improved PKI drugs stands firm, with Dasynoc® as a lead product candidate. Additional licensing opportunities will be evaluated on a case-by-case basis from the commercial and strategic conditions.

The agreement also ensures that Xspray Pharma's launch of Dasynoc® can proceed as planned without the impact of US regulatory exclusivities that could accrue to the dasatinib products launched by Handa. This clarity on rights and exclusivity issues strengthens the conditions for an efficient and competitive market introduction of Dasynoc®.

Technology platform – HyNap

All product candidates are developed based on the company's patented HyNap technology. This technology enables production of amorphous materials, which provide advantages such as bioequivalence at lower dosages, not being affected by pH-value and a more even absorption of the drug in the body. It thereby permits the development of improved drugs that can increase quality of life among cancer patients.

HyNap's function

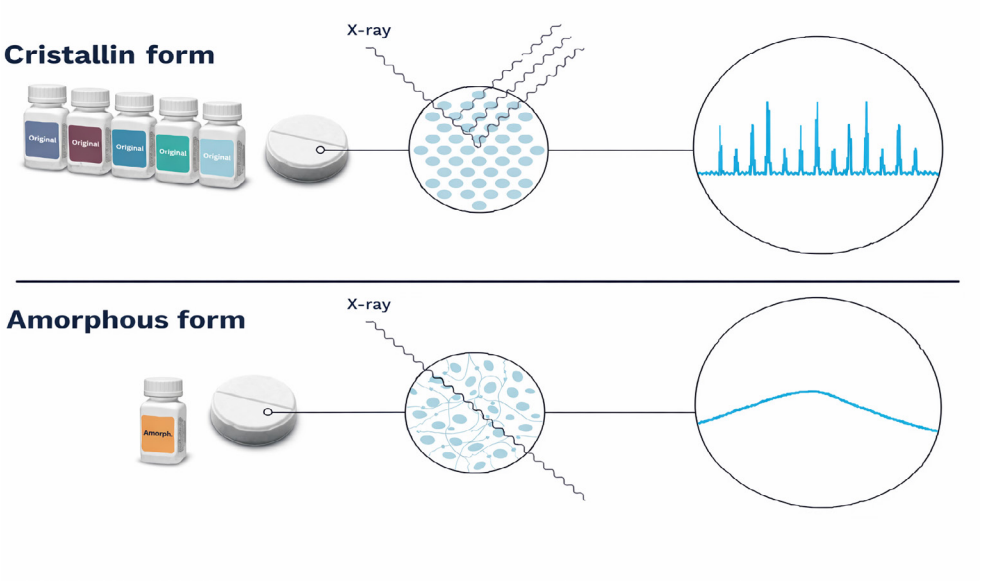
Xspray Pharma's HyNap technology is a particle technology that creates what is known as an amorphous solid dispersion (ASD) of a drug's active substance. Amorphous materials provide advantages such as greater bioavailability, pH independence and more even absorption of the drug in the body. Xspray Pharma's amorphous formula, which was developed with HyNap technology, is of crucial significance for the improved properties in both current and future product candidates as well as for the legal possibility to launch the products without being hindered by the crystalline original drug's secondary patent.

The HyNap technology is based on a state of matter known as supercritical fluid (SCF). Molecules in a supercritical state can move quickly, as in a gas, while the capacity to dissolve substances is good, as in a liquid. Supercritical fluid is used as an anti-dissolvent for controlling the active pharmaceutical ingredient (API), with or without aiding elements.

Back in the 1990s, major players in the pharmaceutical industry tried to develop methods for SCF technology. Despite major investments in SCF facilities, the technology could not be commercialized due to difficulties in scaling up production.

Xspray Pharma has resolved these issues through the company's HyNap technology. The design allows production of ASD material to be scaled up from smaller quantities for laboratory needs to a commercial scale for clinical studies and commercial production.

The patented amorphous substance material is manufactured using the company's manufacturing equipment, which is installed at the site of a well-established external contract manufacturing organization (CMO). Even though production takes place at an external CMO, Xspray Pharma maintains full ownership of the manufacturing equipment. The FDA has conducted a successful Pre-Approval Inspection (PAI), confirming that processes, quality systems and controls meet the standards required for commercial manufacturing.



Xspray Pharma's amorphous formula based on its in-house developed HyNap technology is of great significance to both the product candidates' improved qualities and for the legal possibility to launch products without being hindered by the original drug's secondary patent, which relates to their crystalline formula.

Product advantages using HyNap

All of Xspray Pharma's product candidates are developed based on the HyNap technology. The amorphous drug candidates address several of the problems of marketed PKIs and have advantages such as increased bioavailability at reduced doses as well as an even absorption of the drug in the body, independent of the pH value of the stomach. These improved pharmacokinetic properties result in the body having better possibilities for absorbing the drug, even when consuming food or in combination with pH-increasing drugs. This means that efficacy is retained at lower doses, which could reduce side effects and result in lower variability.

The HyNap technology has been tested on approximately 20 PKIs with positive results and the company believes the technology can create patient benefits for a majority of the approximately 90 currently marketed PKIs.

Stability during storage

An important aspect of developing amorphous products is stability during storage. Amorphous structures have greater energy and dissolve faster than crystalline structures, but amorphous conditions tend to return to a crystalline state during storage, which could thus eliminate the advantages with the amorphous drug. However, Xspray Pharma's products have demonstrated an ability to remain entirely amorphous during long storage periods. The company's Dasynoc® pills have been examined by an extremely sensitive instrument, Synchrotron Radiation X-ray Diffraction, that is used to detect crystalline materials. No traces of crystalline materials were found in the analyses that were conducted, which confirms studies that have shown that the company's materials remain amorphous after several years in storage at room temperature.

Product portfolio

Xspray Pharma's announced product portfolio to date includes four product candidates that are based on the company's patented HyNap technology: Dasynoc®, XS003 nilotinib, XS008 axitinib and XS025 cabozantinib. The product candidates are developed to create increased patient benefits compared to marketed cancer drugs in the protein kinase inhibitor (PKI) product category. Additional product candidates are under review but have not yet been communicated.

The company's patented HyNap technology enables development of improved drugs that improve the life quality of cancer patients. Medication is life-long in several of the indications that the company focuses on, and Xspray Pharma's products can create increased benefit for these patients.

Focus on improved patient outcome

Protein kinase inhibitors (PKIs) are effective in treatment of different forms of cancer but unfortunately many patients suffer from their serious side effects. Read more in the "Market" section. Xspray Pharma's HyNap technology platform has the potential of reducing or entirely eliminating some of these side effects due to the improved pharmacokinetic profile that yields more stable, pH-independent absorption in the body. Xspray Pharma focuses on increased patient benefit, and its product portfolio with improved PKIs is being continually developed. The company's selection of PKIs for future development is based on medical benefits, market potential and patent window. This approach creates the greatest possible value for the company's product portfolio. Development of the company's product candidates follows the same method as with its initial product, Dasynoc®. Since large parts of the process are much the same, the development time for future product candidates in the company's product portfolio can be efficiently shortened. The estimated time from start of development to completed product is three to four years.

Product portfolio – overview

The product portfolio to date includes four product candidates that are based on the company's HyNap technology: Dasynoc® (dasatinib), XS003 nilotinib, XS008 axitinib and XS025 cabozantinib. These are stable amorphous and non-crystalline versions of the four best-selling original drugs Sprycel® (dasatinib), Tasigna® (nilotinib), Inlyta® (axitinib) and Cabometyx® (cabozantinib).

The original drugs have secondary patents that will expire between 2026 and 2033. The combined annual sales for these four original drugs and launched generics exceeded USD 6.1 billion in the US market in 2025.[3] Medication is life-long in several of the indications that the company focuses on.

Additional product candidates are under review but have not yet been communicated.

Dasynoc®

Dasynoc® is an improved version of Sprycel® for treatment of chronic myeloid leukemia (CML) and acute lymphoblastic leukemia (ALL), and has been granted orphan drug status by the FDA in the US for both CML and ALL. Dasynoc's confirmed profile benefits, which were supported by both patient representatives and clients in market surveys that were conducted, facilitates a favorable position for launch in a well-established, stable and valuable market. Total sales of dasatinib products in the US amounted to approximately USD 2 billion in 2025. Sales included both the original drug Sprycel® and generic products.[4]

Regulatory path

The FDA's review of the company's application for market approval of Dasynoc® is in progress as of the date of publication of this Annual Report. In October, the FDA issued a Complete Response Letter (CRL) regarding Xspray's application for market approval for Dasynoc® referring to GMP observations at a contract manufacturer. The observations do not apply to Xspray's production line, but the FDA is pausing new product approvals while the facility is undergoing corrective actions. Until October 2025, Xspray Pharma was in discussion with the FDA regarding the product information for Dasynoc®. In their CRL, the FDA requested information that demonstrates the appropriateness of the product information discussed, as well as data that shows the effect of previously implemented production measures. The updated application was submitted in the first quarter of 2026, after which the FDA set the PDUFA date to August 25, 2026, which refers to the FDA's target date for concluding the approval process for Dasynoc®. The company is ready to launch Dasynoc® immediately following the PDUFA date.

Consequences of co-medication

Medical registries in both the US and Sweden show that a significant portion of CML patients – 38 percent and 47 percent, respectively – are simultaneously being prescribed PPIs and/or antacids. Co-medication of PPIs and crystalline PKIs (Sprycel, for example) is not without clinical consequences, which Xspray Pharma has presented at several drug conferences such as the American Society of Hematology (ASH), the American Society of Clinical Oncology (ASCO), the National Community Oncology Dispensing Association (NCODA) and the Society of Hematologic Oncology (SOHO). Medical data shows that patients who are co-medicated with crystalline PKIs and PPIs have a lower 5-year survival rate, longer response times to treatment, and an increased number of hospital visits – and thus increased health care costs. Since drugs that inhibit stomach acids decrease the absorption of crystalline PKIs, it is likely that these patients do not experience the full efficacy of their treatment. Dasynoc's improved properties have the potential to be particularly significant for this specific patient group.

[3] "The annual sales figures have been obtained from the peer companies' quarterly reports and IPD Analytics.

[4] "Symphony Health 2021-2025. (TRx Dollars).

Product candidate	Project	Dasynoc®	XS003	XS008	XS025
	Substance	dasatinib	nilotinib	axitinib	cabozantinib
	Indication	Leukemia (CML, ALL)	Leukemia (CML)	Kidney cancer (RCC)	Kidney cancer (RCC)
	Regulatory path	505(b)(2)	505(b)(2)	505(b)(2)	505(b)(2)
	Original product/company	Sprycel®/BMS	Tasigna®/Novartis	Inlyta®/Pfizer	Cometriq®/Exelixis
Patent	Substance patent expiry	Dec 2020	Jan 2024	Apr 2025	Aug 2026
	Secondary patent expiry	Sep 2026	Oct 2032	Dec 2030	Jan 2031
Development phase	New candidate evaluation				
	Formulation development				
	Pilot clinical study				
	Pivotal clinical study				
	Regulatory review FDA/EMA				

Dasynoc's product benefits

- Dasynoc® is unaffected by the pH value of the stomach and can thus be used together with acid blockers and other antacids without impacting the absorption of the drug. This facilitates concurrent treatment of common diseases in the stomach such as peptic ulcers and gastritis with, for example, proton-pump inhibitors (PPIs) and antacids while the patient is being treated for cancer.
- Dasynoc® yields a more even absorption of the drug in the body compared with the variations seen for the original product in previous studies.
- Dasynoc® can be administered at a 30-percent lower dosage than the original product.

This product candidate could make a positive contribution to the treatment of patients and the significant incidence of co-medication with PPI drugs in CML and ALL patients. Since Dasynoc® has significantly lower variability in its absorption compared with Sprycel®, treatment precision also can be improved.

Xspray Pharma has published study findings in the European Journal of Haematology showing that the high incidence of CML patients being simultaneously treated with tyrosine kinase inhibitors (TKIs) and proton-pump inhibitors (PPI) could increase the risk of poorer treatment outcomes. This despite the warning text on the original drugs cautioning against co-medication with PPIs. Once again, the study showed that Dasynoc® has a key function to fulfill by facilitating simultaneous treatment for conditions such as peptic ulcers.

In another study, Xspray Pharma demonstrated that when Sprycel® is taken together with omeprazole, which is a common stomach medicine, the body's ability to take up Sprycel® decreases significantly. If Sprycel® is taken ten hours after intake of omeprazole, only 12 percent of the amount of dasatinib administered is taken up. Previous pivotal studies of Sprycel® also showed that absorption of dasatinib is poorer in co-medication with stomach medicine, but the effect was less than in Xspray Pharma's study. These older studies showed that only 57 percent of the intended amount of dasatinib was taken up if Sprycel® was administered 22 hours after omeprazole. Xspray Pharma's study therefore demonstrates that treatment of peptic ulcers impacts the absorption of dasatinib significantly more than was previously known.

Moreover, the company's study with Dasynoc® showed that absorption of dasatinib was not affected by the administration of Dasynoc® ten hours after intake of omeprazole (107% of intended Area Under the Curve (AUC0–24h)). Overall, this strengthens the company's competitiveness when Dasynoc® is launched.

Clinical data that Xspray Pharma previously published in the European Journal of Haematology in 2023 and in the American Society of Hematology in 2022, together with scientists from Uppsala University and Karolinska University Hospital, shows that an amorphous version with our patented HyNap technology results in an absorption of Dasynoc® that is less pH sensitive than the crystalline version, Sprycel®. Co-medication with PPIs is common in the treatment of CML and ALL. Registry data was presented in the same publications showing that CML patients who take crystalline PKIs together with PPIs show a five-year survival rate of 79 percent compared to 94 percent of those who did not use PPIs.

XS003 nilotinib

Xspray Pharma's product candidate XS003 nilotinib is amorphous non-crystalline nilotinib for the treatment of chronic myeloid leukemia (CML). This product candidate has been developed as an improved version of the crystalline original drug Tasigna®, whose drug substance patent expired in January 2024 and whose secondary patent expires in October 2032. The FDA has granted orphan drug status to XS003 nilotinib for the treatment of CML.

XS003 nilotinib and was designed to eliminate or greatly reduce the interaction with food, thereby potentially improving its safety for patients. In a boxed

warning on the drug's package insert, patients are warned that intake of food in connection with intake of Tasigna® could increase the risk of sudden death owing to severe arrhythmia caused by a prolonged QT interval. As a result of this warning, patients are expected to fast for six hours per day when they are being treated with Tasigna®.

In studies, XS003 nilotinib demonstrated matching bioavailability with Tasigna® at less than half of the dose. This means that a lower dose of XS003 nilotinib compared with Tasigna® yields comparable plasma concentrations of nilotinib. Since Tasigna® is a highly variable product with pH-dependent solubility, optimizing the lower dosage of XS003 nilotinib to achieve comparable bioavailability has been a challenge.

In August 2025, Xspray Pharma submitted an application to the FDA for market approval in the US under the abbreviated 505(b)(2) NDA pathway. XS003 nilotinib is being developed in the same manner as the company's initial product, Dasynoc®. A large-scale commercial manufacturing process for XS003 nilotinib has been developed. Total sales of nilotinib products in the US amounted to approximately USD 0.9 billion in 2025. Sales included both the original drug Tasigna® and generic products.[5]

XS008 axitinib

Xspray Pharma's product candidate XS008 is amorphous non-crystalline axitinib for the treatment of kidney cancer. The currently marketed product based on axitinib is Inlyta®, and the expiration of its patents creates a patent window between April 2025 and December 2030 in the US.

The market for kidney cancer drugs is estimated to have had turnover of approximately USD 1.7 billion in the US in 2025.[6] Sales of Inlyta in 2025 amounted to USD 0.52 billion in the US and USD 0.92 billion globally.[7]

XS025 cabozantinib

Xspray Pharma's product candidate XS025 is amorphous non-crystalline cabozantinib used in conjunction with renal cell carcinoma and other cancers. The currently marketed product based on cabozantinib is Cabometyx®, whose drug substance patent expires in August 2026 and secondary patents expire in July 2033.

Cabozantinib is estimated to have achieved USD 2.7 billion in net sales in the US for fiscal year 2025.[8]

[5] "Symphony Health 2021-2025. (TRx Dollars).

[6] "Statifacts." U.S. kidney cancer drugs market size & trends, forecast to 2034. Feb 2025.

[7] "DrugAnalyst. Inlyta (axitinib) sales data and forecast. 2025.

[8] "IPD Analytics 2025.

Despite the warnings, co-medication with proton-pump inhibitors and dasatinib is common with chronic myeloid leukemia, but Dasynoc®, a new oral dasatinib formulation, yields decreased pH-dependent absorption, which minimizes undesirable interactions between drugs.

Co-medication with proton-pump inhibitors (PPIs) and dasatinib is common in the treatment of CML, with an increased risk of mortality; this can be addressed with Dasynoc®.

In the October 2023 issue of the European Journal of Haematology, researchers from Xspray Pharma together with colleagues from Karolinska Institute and Uppsala University published an article with results showing that:

- Nearly half of all patients suffering from chronic myeloid leukemia (CML) who were treated with tyrosine kinase inhibitors (TKIs) were being co-medicated with proton-pump inhibitors (PPIs), despite clear warnings against it
- The risk of a fatal outcome increased markedly among CML patients who were co-medicated with both TKIs and PPIs
- Crystalline dasatinib (Sprycel®) is difficult to dissolve and has a low and pH-dependent absorption of dasatinib, which results in uneven absorption of the drug in the body
- Dasynoc® (amorphous, non-crystalline dasatinib) is a TKI developed by Xspray Pharma that is more easily soluble than Sprycel® (crystalline dasatinib) at higher pH levels, and in clinical studies showed that the concentration in the blood was not affected by co-medication with PPIs

(Larfors, et al. Eur. J. Haematol. 2023; 1-11. DOI: 10.1111/ejh.14059)

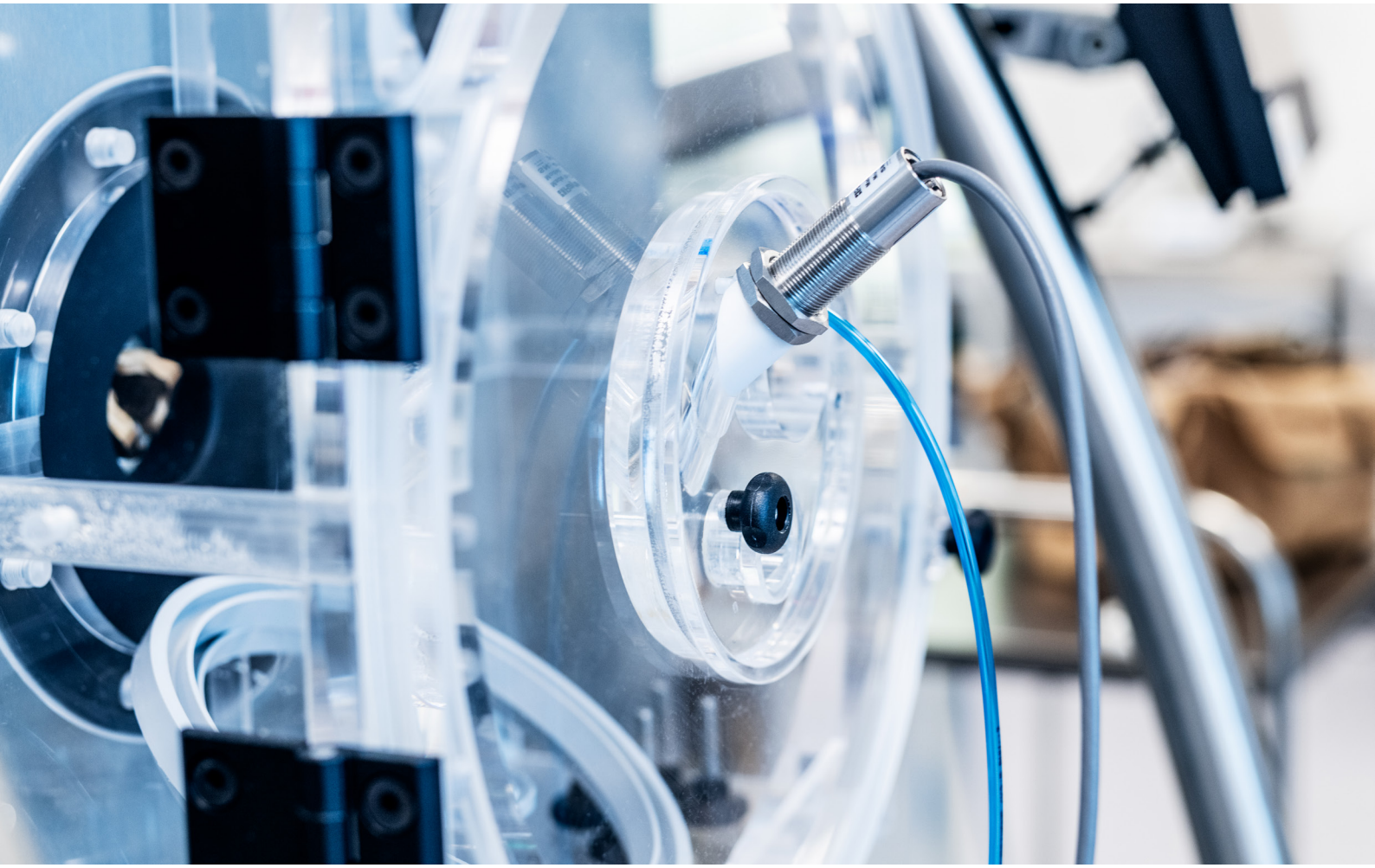
Preparations for the launch of DASYNOC®

In 2025, through partnerships with relevant operators in the market, Xspray Pharma continued its focus on building its commercial infrastructure and demonstrating the need for the company's first improved product candidate, Dasynoc®, in the US healthcare system. The launches of Dasynoc® and XS003 nilotinib are planned for 2026.

EVERSANA – Xspray's commercialization partner

The partnership with EVERSANA provides Xspray Pharma with access to a cost-efficient and commercial sales organization for the US market that is medically established and ready to go. EVERSANA will provide Xspray Pharma with services in market access, medicine and commercial sales organization, as well as patient support programs.

EVERSANA is structured in specific areas of expertise and has competent experts with years of documented experience in hematology. The company interacts with physicians, insurance companies, and other paying customers that Xspray Pharma is targeting. This will create conditions for a rapid launch of Dasynoc® on a predetermined and optimized budget. Xspray Pharma will retain financial and strategic control but grants EVERSANA the exclusive commercial right to support Xspray Pharma in the launch of Dasynoc® in the US.



Market outlook

The US market is a stable one, offering major commercial opportunities. The market for CML drugs is valued at USD 6.6 billion. Dasatinib continues to hold a stable market share of approximately 30 percent of the CML market in the US, where the original drug, Sprycel® has a list price of more than USD 200,000 per patient and year. Dasatinib's sales in the US for 2025 totaled USD 2.0 billion.[9]

Generic versions of crystalline dasatinib were launched in 2025. As generics, they are complete imitations of the original product. With its amorphous formulation, the properties of Dasynoc® are an improvement in comparison with both crystalline original products and generics, which facilitates an advantageous market position. Dasynoc® should therefore be regarded as a product with added value compared with Sprycel® and its generics, a stance that is supported by both caregivers and clients through market surveys.

Dasynoc® will be launched in a well-established and valuable market. CML and ALL patients that are being treated with dasatinib are living longer, and the median period for treatment is six years.

After FDA approval of Dasynoc®, Xspray Pharma's commercial team in the US will focus on a relatively small and easily identifiable group of physicians. The data shows that 80 percent of all Sprycel prescriptions are issued by approximately 4,000 health care professionals (HCPs) who work at approximately 600 clinics. This manageable customer base will be handled by a goal-oriented and focused customer team supported by medical competence. The initial patient population will include newly diagnosed patients, patients with absorption problems and existing patients in PKI therapy.

[9] " Symphony Health 2021-2025. (TRx Dollars).

Commercial highlights, 2025

- The company continued its partnership with EVERSANA for the commercialization and establishment/launch of Dasynoc®.
- The company has conducted several market surveys, participated in a number of congresses in hematology and built a solid network with Key Opinion Leaders (KOL) and organizations. These activities have generated valuable insights from clients, care providers, patients and oncologists.
- The company continued its partnership with manufacturing and distribution partners in the US.
- EVERSANA's commercial and therapeutic experts have made preparations to facilitate launch with a rapid market uptake after approval of Dasynoc®.

Sustainability

The UN's 17 Sustainability Development Goals, Agenda 2030, aim to slow down global climate change and reduce world poverty by 2030. Below, Xspray Pharma describes its sustainability activities that are focused on patients, collaboration, employees and the environment.

Xspray Pharma has a sustainability agenda that aims to minimize the company's environmental impact by taking action to increase energy efficiency and reduce waste from the company's manufacturing processes. In addition, as a company in the pharmaceutical industry, Xspray Pharma plays an important role in improving people's health and well-being. With its HyNap technology, Xspray Pharma can develop protein kinase inhibitors (PKIs) that have the potential to reduce or even eliminate some of the problems associated with PKIs, thereby providing cancer patients with better quality of life.

Patients

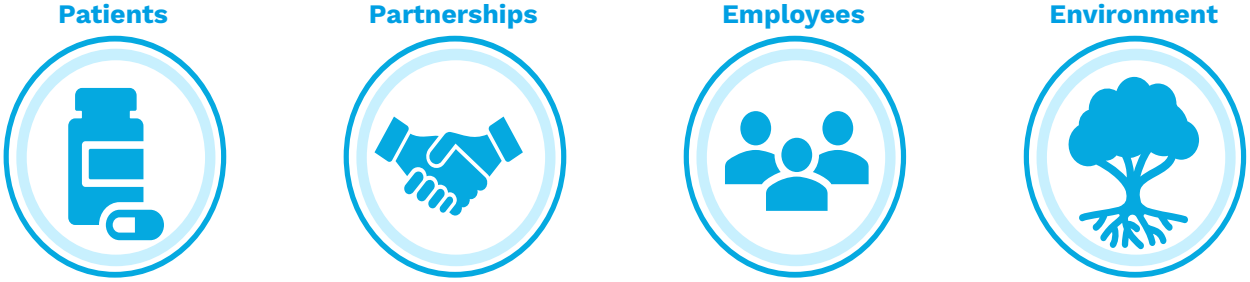
Under applicable rules and regulations, Xspray Pharma must ensure that the company's product candidates meet requirements for safety and efficacy. Regulations affect everything from development of product candidates to clinical studies and how the finished product should be stored and handled.

National supervisory authorities routinely request information during inspections, revisions and reviews. Xspray Pharma works to continuously comply with laws, regulations and guidelines, and always acts in a transparent and professional way when dealing with authorities. As needed, Xspray Pharma works with external experts to meet regulatory requirements. In the US, the Food and Drug Administration (FDA) is the responsible supervisory authority, and in Europe it is the European Medicines Agency (EMA).

Partnerships

Even if the pharmaceutical industry is strictly regulated, there are several risks in the supply chain that concern living wages, trade union affiliation, and occupational health and safety work. Xspray Pharma strives to ensure that partners' operations are pursued sustainably and in line with the UN's Sustainable Development Goals. This includes working to ensure respectful treatment of people, as well as preserving human rights and fundamental labor rights.

Since Xspray Pharma did not have any sales during the year, focus was on responsible purchases of goods and services. Sustainability requirements are set on suppliers and partners, and efforts to use environmentally friendly raw materials and processes. Good Manufacturing Practice (GMP) ensures production quality, and Xspray Pharma conducts regular audits to ensure that suppliers and contract manufacturers meet the highest standards of quality.



Employees

Since its founding in 2003, Xspray Pharma has recruited competent employees with lengthy experience. To attract and retain competence, Xspray Pharma is engaged in offering a dynamic, inspiring and inclusive workplace where employees have the opportunity to grow and develop their skills and their abilities. Xspray Pharma prioritizes long-term employment with a focus on equality and diversity. All new employees undergo customized onboarding programs to get to know the company and their colleagues better.

As a result of its establishment in the US, Xspray Pharma is an international company whose standpoints include equality, inclusion and diversity. Zero tolerance prevails against all types of discrimination, victimization, harassment on the basis of gender, disability, sexual orientation, identity, expression of faith or age. This is described in the company's Code of Conduct. The company works actively to achieve an equal distribution of gender in the company's divisions and functions. In November 2025, a restructuring took place in executive management, which as of December 31 2025 comprised four men and one woman.

Xspray Pharma values a good work environment highly, and conducts its operations in modern laboratory and office environments.

Environment

By using Xspray Pharma's HyNap technology, hybrid nanoparticles are developed in a way that minimizes and sometimes avoids waste during the production process. This manufacturing method not only decreases environmental impact but also improves efficacy in drug products. Xspray Pharma's production process includes reclaimed pure carbon dioxide that is a byproduct from other sources of emissions (e.g. brewery products, biogas or fertilizer production).

Xspray Pharma strives to minimize the environmental impact of its products as much as possible. Since the company's products have greater bioavailability than the original products, dosages can be reduced using a decreased amount of active substance. This means that the patient ingests a lower dose of the active substance, but with efficacy retained. In turn, this promotes a reduced environmental impact throughout the supply chain.

The share

Founded in 2003, Xspray Pharma was listed on Nasdaq First North Growth Market in 2017 and has been listed on Nasdaq Stockholm under the symbol XSPRAY since 2020.

Share information

Xspray Pharma's share is traded on Nasdaq Stockholm. The company's share has the ticker XSPRAY with ISIN code SE0009973563 and belongs to the Small Cap segment. The number of shares in the company amounted to 41,742,340 (37,138,491) on December 31, 2025. The share is included in the health care sector of Nasdaq Stockholm.

Share price performance and turnover

At the end of 2025, Xspray Pharma's share had a closing price of SEK 31.45 (closing price on December 30, 2025). At the beginning of the year, the share was traded at SEK 40.76 (opening price on January 2, 2025), which means that the share price decreased by 22.84 percent during full-year 2025. At the end of 2025, Xspray Pharma's market capitalization amounted to SEK 1.13 billion based on the closing price of SEK 31.45. During the year, 18,262,483 shares were traded at a total value of SEK 690.63 million.

Number of shareholders

According to the shareholder register maintained by Euroclear Sweden AB, Xspray Pharma had 6,329 shareholders (5,701) on December 31, 2025. Information regarding shareholders and shareholdings is updated quarterly on the company's website.

Specific entitlements associated with shares

The company has one share class. The rights associated with the company's shares, including rights from the Articles of Association, may only be amended pursuant to provisions of the Swedish Companies Act (2005:551). Each share in the company entitles its holder to one vote at Annual General Meetings.

Largest shareholders (December 31, 2025)	Number of shares	Capital/ votes, %
Flerie Invest AB	7,336,187	17.57%
Anders Bladh (private & via Ribbskottet AB)	5,061,842	12.13%
The Foundation for Baltic and East European Studies	4,342,626	10.40%
Fourth Swedish National Pension Fund	4,060,000	9.73%
Third Swedish National Pension Fund	1,715,712	4.11%
Avanza Pension	1,560,486	3.74%
Unionen	1,400,000	3.35%
Second Swedish National Pension Fund	1,255,012	3.01%
Carl Erik Norman	868,548	2.08%
Nordnet Pension Insurance	660,799	1.58%
Top 10 shareholders	**28,265,212**	**67.70%**
Other shareholders	13,477,128	32.30%
Totalt antal aktier	**41 742 340**	**100,00%**

Allocation of size classes, December 31, 2025

Size class	Number of share-holders	Number of shares	% of capital	% of votes
1-500	4,461	523,127	1.25%	1.25%
501–1,000	605	456,273	1.09%	1.09%
1,001–5,000	870	1,959,118	4.70%	4.70%
5,001–10,000	177	1,255,238	3.01%	3.01%
10,001–20,000	97	1,326,133	3.18%	3.18%
20,001–	119	34,893,029	83.61%	83.61%
Unknown holding size	—	1,329,422	3.16%	3.16%
Total	**6,329**	**41,742,340**	**100.00%**	**100.00%**

Share issues

In September 2025, Xspray Pharma completed a preferential rights issue of 3,713,849 new shares, which resulted in proceeds of SEK 130 million before transaction costs. In light of this high subscription rate, the Board of Directors resolved to add an over-allotment issue of 890,000 new shares, which brought in an additional SEK 31 million before transaction costs. The subscription price amounted to SEK 35.00 per share and the rights issue resulted in increased share capital by SEK 4,603,849 and a dilution of 12.4 percent for shareholders.

Warrant programs

The Annual General Meeting on May 13, 2025 approved a new long-term incentive program LTI 2025. LTI 2025, in the form of warrants and employee stock options, comprises a total of 464,232 options. The program has not yet been implemented, but this is intended to take place before the 2026 Annual General Meeting. The exercise price will correspond to 200 percent of the average of the volume-weighted share price during the five trading days that fall before the allocation. Maximum dilution of share capital upon full exercise of the warrants amounts to 0.1 percent based on the current number of shares.

In August, the company refinanced its loan of SEK 100 million from creditors Fenja Capital II A/S and Buntel AB. The maturity was extended by 18 months from the date of refinancing and the loan was increased by SEK 25 million. As a result of the refinancing, the Company issued 1,047,495 warrants, without charge, to its creditor Fenja. The warrants can be exercised for subscription of the corresponding number of shares in the company from and including the day of registration of the warrants with the Swedish Companies Registration Office up to and including November 30, 2029. The subscription price amounts to SEK 50 per share from and including the registration with the SCRO and up to and including November 6, 2025, and at a subscription price of SEK 60 from and including November 7, 2025. If the new warrants are exercised, it could result in a dilution of approximately 2.4 percent based on the current number of shares.

For more information on other incentive programs, see page 70.

Year	Events	Increase in number of shares	Total number of shares	Change in capital (SEK)	Capital after increase (SEK)	Quota value
2014	New share issue	104,768	1,243,783	104,768	1,243,783	1.00
2014	New share issue	80,323	1,324,106	80,323	1,324,106	1.00
2015	New share issue	43,354	1,367,460	43,354	1,367,460	1.00
2015	New share issue	1,849,000	3,216,460	1,849,000	3,216,460	1.00
2015	New share issue	100,000	3,316,460	100,000	3,316,460	1.00
2016	New share issue	660,000	3,976,460	660,000	3,976,460	1.00
2016	New share issue	2,380,000	6,356,460	2,380,000	6,356,460	1.00
2017	New share issue	6,000,000	12,356,460	6,000,000	12,356,460	1.00
2018	New share issue	1,350,000	13,706,460	1,350,000	13,706,460	1.00
2018	New share issue	1,370,000	15,076,460	1,370,000	15,076,460	1.00
2019	New share issue	1,675,162	16,751,622	1,675,162	16,751,622	1.00
2020	Redemption of warrants	279,591	17,031,213	279,591	17,031,213	1.00
2020	New share issue	1,861,291	18,892,504	1,861,291	18,892,504	1.00
2021	Redemption of warrants	175,000	19,067,504	175,000	19,067,504	1.00
2021	New share issue	1,612,904	20,680,408	1,612,904	20,680,408	1.00
2022	New share issue	2,000,000	22,680,408	2,000,000	22,680,408	1.00
2023	New share issue	6,265,892	28,946,300	6,265,892	28,946,300	1.00
2023	Redemption of warrant series 5 (TO5)	2,307,242	31,253,542	2,307,242	31,253,542	1.00
2024	Redemption of warrant series 6 (TO6)	2,508,723	33,762,265	2,508,723	33,762,265	1.00
2024	New share issue	3,376,226	37,138,491	3,376,226	37,138,491	1.00
2025	New share issue	4,603,849	41,742,340	4,603,849	41,742,340	1.00

Corporate governance report

Xspray Pharma AB is a Swedish public limited liability company and its shares have been traded on Nasdaq Stockholm since March 27, 2020. Previously, the company's shares were traded on Nasdaq First North Growth Market, Stockholm, since 2017. The company is governed by the Articles of Association, the Swedish Companies Act, the rules of Nasdaq Stockholm, the Swedish Corporate Governance Code (the Code) and other applicable laws and rules. There are no deviations from the rules of the Code to report on for financial year 2025. The corporate governance report has been reviewed by the company's auditor in accordance with the Swedish Annual Accounts Act.

Principles for corporate governance

Corporate governance refers to the systems through which the shareholders, directly or indirectly, control Xspray Pharma. Good corporate governance is an essential component in the work to create value for Xspray Pharma's shareholders. Xspray Pharma's corporate governance is based on Swedish law, Nasdaq Stockholm's regulations for issuers and internal rules and regulations. The company also applies the Swedish Code of Corporate Governance (the Code). The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The company does not have to follow all the rules in the Code as the Code itself provides the opportunity to deviate from the rules provided that such possible deviations, and the chosen alternative solution, are described and the reasons for this are explained in the corporate governance report (according to the "comply or explain principle"). However, the company continued to fully apply the Code during the year.

Steering documents

- Articles of Association
- The rules of procedure of the Board and the committees
- CEO instruction
- Policy documents
- Important external regulations
- Swedish Companies Act
- Swedish Accounting Act
- Nasdaq Stockholm's rulebook
- Swedish Code of Corporate Governance

Shareholders

The share capital amounted to 41,742,340 shares with a quota value of SEK 1.00 on December 31, 2025. Flerie Invest, Anders Bladh (private and via Ribbskottet) and the Foundation for Baltic and East European Studies (Östersjöstiftelsen) were the shareholders on December 31, 2025 with holdings in Xspray Pharma exceeding 10 percent of the votes for all shares of the company. Flerie Invest's share of capital and votes amounted to 17.57 percent, Anders Bladh's holdings of shares and votes (private and via Ribbskottet AB) were 12.13%, and the Foundation for Baltic and East European Studies holdings were 10.40% at year-end.

All shares are ordinary shares and have equal rights to the company's earnings, and to one vote at the Annual General Meeting. All shareholders entitled to vote may vote at the Annual General Meeting for the full number of shares held or represented, without limitation of the number of votes.

Annual General Meeting (AGM)

Pursuant to the Swedish Companies Act (2005:551), the AGM is the company's chief decision-making body. Shareholders exercise their voting rights at AGMs. AGMs must be held within six months of the end of each financial year. Extraordinary General Meetings (EGMs) may also be convened in addition to AGMs. Apart from Solna, where the company has its registered office, the Articles of Association allow AGMs to be held in Stockholm. Pursuant to the company's Articles of Association, invitations to AGMs should be through an announcement in the Swedish Official Gazette, and by an invitation being uploaded on the company's website. Simultaneous with the invitation, the company should announce that the invitation has been made through an advertisement in Swedish daily newspaper Svenska Dagbladet.

Shareholders recorded in the share register six days prior to the AGM, and that have notified the company by that date and time stated in the invitation to the Meeting, are entitled to participate. Such day may not be a Saturday, Sunday, other public holiday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not occur earlier than six days prior to the Meeting.

2025 AGM

Xspray Pharma's AGM 2025 was held on 13 May 2025 in Stockholm. Apart from customary business, the AGM made the following resolutions:

- In accordance with the Nomination Committee's proposal to re-elect Anders Ekblom (chair), Anders Bladh, Christine Lind, Robert Molander and Carl-Johan Spak as Board members and elect Markus Haeberlein and Anne Prener as new Board members.
- In accordance with the Nomination Committee's proposal, principles were decided for election of a Nomination Committee. To summarize, the principles mean that the Nomination Committee shall consist of the Chairman of the Board and a representative of each of the four largest shareholders based on the ownership in the company as of 31 August.

- A long-term incentive program (LTIP 2025) was adopted and involves the issuance of at most 464,232 warrants.
- The Board of Directors was authorized to take decisions on share issues, with a waiver of the shareholders' preferential rights, on one or more occasions in the period until the following AGM, corresponding to a maximum of 20 percent of the total number of shares of the Xspray Pharma at the time of the AGM resolution.

2026 AGM

The AGM will be held on Tuesday, May 12, 2026. The notice will be published in a press release and announced in the Swedish Official Gazette and in Svenska Dagbladet, and published on Xspray Pharma's website.

The Board of Directors has decided that shareholders may exercise their right to vote at the AGM through physical presence, proxies or pre-voting.

Shareholders wishing to have a matter addressed by the AGM should make a written request to the Nomination Committee no later than March 24, 2026, seven weeks prior to the AGM. The Nomination Committee can be contacted by email at: generalmeeting@xspray.com, write "Valberedningen" in the subject line. For entitlement to participate in the AGM, shareholders must:

- be recorded as a shareholder in the share register maintained by Euroclear Sweden AB as of Monday, May 4, 2026; and
- notify the company of their intention to participate by registering no later than Wednesday, May 6, 2026. Registration can be submitted via e-mail to generalmeeting@xspray.com or in writing to: Xspray Pharma AB, Scheeles väg 2, SE-171 65 Solna, Sweden.

Nomination Committee

Companies that comply with the Code must have a Nomination Committee with the task of, ahead of the AGM, preparing decisions on election and remuneration issues and, where appropriate, procedural issues for the next Nomination Committee. Pursuant to the Code, the AGM should appoint the members of the Nomination Committee, or state how members are to be appointed. Pursuant to the Code, the Nomination Committee should have a minimum of three members, and a majority of them should be independent of the company and its management. At least one member of the Nomination Committee should also be independent of the largest shareholder in terms of voting rights, or the group of shareholders that collaborate on the company's administration.

The Nomination Committee has especially considered the need for diversity in terms of skills, experience and backgrounds, considering factors including the company's strategic development, governance and controls. The Nomination Committee has discussed the diversity perspective based on its opinion that it plays a material role in the composition of the Board of Directors, and the Nomination Committee intends to attain an equal gender balance.

Instructions for the work and composition of the Nomination Committee

Pursuant to a resolution by the company's AGM on May 13, 2025, the Chairman of the Board should make contact with the four largest shareholders of the company in terms of voting rights according to Euroclear Sweden AB's printed register as of August 31, who should each be offered the opportunity to appoint a member, who will make up the Nomination Committee jointly with the Chairman of the Board. If one of these shareholders does not exercise its right to appoint a member, entitlement to appoint such a member defers to the next largest shareholder in terms of voting rights that has not already been entitled to appoint a member of the Nomination Committee. This process should continue until the Nomination Committee consists of four members apart from the Chairman of the Board. If the Nomination Committee does not decide otherwise, the Chairman of the Nomination Committee should be the member representing the largest shareholder in terms of voting rights. The Chairman of the Board may not serve as Chairman of the Nomination Committee.

The names of the Nomination Committee members should be published as soon as the Nomination Committee is appointed, although by no later than six months prior to the forthcoming AGM. The Nomination Committee is appointed for a term of office from the time when its composition is published until a new Nomination Committee has been appointed.

If changes to the company's ownership structure occur after August 31, but before the Nomination Committee's complete proposals for resolution have been published, and if a shareholder, who after this change, is one of the four largest shareholders in terms of votes, expresses a wish to become a member of the Nomination Committee to the Chairman of the Nomination Committee, that shareholder shall be entitled to appoint one further member of the Nomination Committee. Additionally, the Nomination Committee can decide that a member that has become significantly smaller than the four largest shareholders in terms of voting right of the company should leave the Nomination Committee, if considered appropriate.

If a member leaves the Nomination Committee during its term of office, or if such member is unable to render service, the Nomination Committee should require that shareholder that has appointed said member to appoint a new member in a reasonable time. If said shareholder does not exercise its right to appoint a new member, that right defers to the next largest shareholder in terms of voting right that has not already appointed or declined to appoint a member of the Nomination Committee. Alterations to the composition of the Nomination Committee should be published as soon as these occur.

The Nomination Committee should consult on proposals on the following issues to be presented to the AGM for resolution:

- Proposal for a Chairman of the AGM,
- Proposal for a Board of Directors,
- Proposal for a Chairman of the Board,
- Proposal for Board members' fees, divided between the Chairman and other Board members,
- Proposal for fees for members of the Remuneration and Audit Committees (where applicable),
- Proposal for a Auditor of the Board,
- Proposal for remuneration of the auditor, and
- where considered necessary, proposals for amending applicable rules for the Nomination Committee.

There are no specific provisions of the Articles of Association regarding appointing and dismissing Board members and on amending the Articles of Association.

Nomination Committee for the 2026 AGM

The members of the company's Nomination Committee for the 2026 AGM are

- Thomas Eldered, appointed by Flerie Invest AB
- Johan Gyllenswärd, appointed by Ribbskottet AB
- Mattias Klintemar, appointed by the Foundation for Baltic and East European Studies
- Johan Wadell, appointed by AP2
- Anders Ekblom, Chairman of the Board, Xspray Pharma AB

The Board of Directors is the company's chief decision making body after the AGM. The Swedish Companies Act stipulates that the Board of Directors is responsible for the company's administration and organization, which means that the Board has duties including setting goals and strategies, ensuring procedures and systems for evaluating predetermined goals are in place, continuously evaluating the company's results of operations and financial position and appraising executive management. The Board of Directors is also responsible for ensuring that annual accounts and interim reports are prepared on time. The Board of Directors also appoints the company's CEO.

Board members are normally appointed by the AGM for the period until the end of the following AGM. Pursuant to the company's Articles of Association, the Board of Directors should have a minimum of three and a maximum of seven Board members, with a minimum of zero and maximum of two deputies. The Chairman of the Board should be elected by the AGM and has special responsibility for leading the Board of Directors' work, and for this work being well organized and conducted efficiently.

The Board of Directors meets according to a predetermined schedule. In addition to these meetings, other meetings may be convened to consider issues that cannot be dealt with at scheduled Board meetings. The CEO and CFO participate in the majority of the number of Board meetings. In addition to Board meetings, the Chairman and CEO maintain a continuous dialogue concerning management of the company. The Board of Directors complies with written rules of procedure that are revised yearly and adopted at the Board meeting following election in each year. The rules of procedure formalize activities including the Board's practices, functions and the segregation of duties between Board members and the CEO. At the Board meeting following election, the Board of Directors also adopts instructions for the CEO, and for financial reporting.

Board of Directors

Board members

			Independent in relation to		
Name	**Position**	**Elected**	**Company and company management**	**Major shareholders**	**Attendance, Board meetings**
Anders Ekblom	Chairman of the Board	2021	Yes	No	19/20
Maris Hartmanis (resigned May 13)	Board member	2015	Yes	Yes	6/20
Torbjörn Koivisto (resigned May 13)	Board member	2017	Yes	Yes	6/20
Carl-Johan Spak	Board member	2015	Yes	Yes	18/20
Christine Lind	Board member	2019	Yes	Yes	19/20
Anders Bladh	Board member	2021	Yes	No	20/20
Robert Molander	Board member	2022	Yes	Yes	18/20
Anne Prener (took office May 13)	Board member	2025	Yes	Yes	14/20
Markus Haeberlein (took office May 13)	Board member	2024	Yes	Yes	13/20

Remuneration Committee

Xspray Pharma has established a Remuneration Committee with three members: Anders Ekblom (Chairman), Anders Bladh and Robert Molander. The duties of the Remuneration Committee are formalized by the company's rules of procedure for the Remuneration Committee. This Committee consults on issues including the Board's decisions on remuneration principles, compensation and other employment terms for the CEO and senior executives.

Audit Committee

Xspray Pharma has established an Audit Committee with three members: Christine Lind (Chairman), Carl-Johan Spak and Anne Prener. The duties of the Audit Committee are formalized by the company's rules of procedure for the Audit Committee. The Committee's duties include supporting the Board of Directors in its efforts to ensure quality in the financial reporting, consider and prepare issues related to the company's internal control, and risk management. The Committee should also continuously monitor and appraise the work of the auditors, their independence and impartiality, as well as approve additional services that the company acquires from its auditor.

Remuneration for Board members

Remuneration to Xspray Pharma's Board members is resolved by the AGM. The AGM on May 13, 2025 resolved, in accordance with the Nomination Committee's proposal, to pay Board fees of SEK 560,000 to the Chairman of the Board, SEK 280,000 to each of the other Board members, SEK 110,000 to the Chairman of the Audit Committee and SEK 55,000 each to the Audit Committee's other members, and SEK 75,000 to the Chairman of the Remuneration Committee, and SEK 35,000 to the Remuneration Committee's other members.

Work of the Board of Directors in 2025

The Board of Directors held 20 minuted meetings in 2025. Individual Board members' participation at these meetings are stated in the table above. All meetings during the year followed an approved agenda, which members received before Board meetings. The CEO and CFO participate in the majority of the number of Board meetings. The Board annually performs a self-assessment that is designed to monitor its annual performance. Board meetings include a review of current business status, the company's results of operations and financial position, and outlook for the remainder of the year. The work of the Board of Directors in the year largely focused on:

- Developing the pipeline.
- Launching the company's first product candidates, Dasynoc® and XS003 nilotinib.
- Strategy, business development and business intelligence.
- Financial performance and raising capital.
- Interim reports, year-end report and the annual report.

Chief Executive Officer and other senior executives

The CEO is subordinate to the Board of Directors and is responsible for the company's continuous administration and daily operation. The segregation of duties between the Board of Directors and CEO is stated in the rules of procedure for the Board of Directors and instructions for the CEO. The CEO is also responsible for preparing financial statements and compiling information from management for Board meetings, and presents this material at Board meetings. Pursuant to the instructions for financial reporting, the CEO is responsible for the company's financial reporting, and consequently, should ensure that the Board of Directors receives sufficient information for the Board to be able to evaluate the company's financial position continuously.

They CEO should keep the Board of Directors continuously informed on progress of Xspray Pharma's operations and sales, the company's results of operations and financial position, the liquidity and credit position, significant business events, and each other event, circumstance or relationship that could be assumed to be of material significance to the company's shareholders.

The CEO and other senior executives are presented on page 40-41.

Audit

The auditor should review the company's annual report and financial statements, and the Board of Directors' and CEO's administration of the business.

The auditor should present an audit report to the AGM after each financial year. Pursuant to the company's Articles of Association, the company should have a minimum of one and a maximum of two auditors, and a minimum of zero and maximum of two deputy auditors. The company's auditor is KPMG AB, with Ola Larsmon as Auditor in Charge.

Total compensation to the company's auditors in 2025 was SEK 757 thousand (980), for more information see Note 6.

Internal controls

Pursuant to the Swedish Companies Act and the Swedish Annual Accounts Act, the Board of Directors is responsible for internal controls. The purpose of internal controls is to achieve expedient and effective operating activities, ensure reliable financial reporting and information on operating activities, and compliance with applicable laws, regulations, policies and guidelines.

The company's internal controls are based on principles produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Internal controls over financial reporting

Internal controls over financial reporting are designed to create reasonable reliability and assurance in financial reporting and to ensure that external financial reporting complies with applicable laws and accounting standards. The Board of Directors bears ultimate responsibility for internal controls, and continuously evaluates the company's risk management and internal control through the Audit Committee.

The company ensures internal controls over financial reporting through qualitative and quantitative analysis of the consolidated balance sheet and consolidated income statement. The purpose of the quantitative analysis is to identify risks associated with material and transaction-intensive items. The qualitative analysis is intended to identify risks associated with complexity and impropriety. Based on the outcome of this analysis, significant financial processes and risks have been identified.

The company has designed procedures and activities to monitor financial reporting and ensure that any misstatements are discovered and rectified. Key controls have been designed and followed up as part of the work of maintaining good internal controls.

Control environment and risk assessment

The company's control environment sets a framework for the orientation and culture that the company's Board of Directors and management communicate to the organization. To ensure expedient risk management and good internal controls, over and above policy documents such as the Board of Directors' rules of procedure, instructions for the CEO and associated delegation schedule and approvals list, the company has adopted a number of internal guidelines, business processes and procedures.

The Audit Committee's main duty is to monitor the company's financial position and effectiveness of the company's internal controls, internal audit and risk management, and to stay informed on the audit of the annual report and consolidated accounts, and review and monitor auditor impartiality and independence, and this work has continued during the year. Responsibility for continuous work on internal controls over financial reporting has been delegated to the company's CEO.

Each year, the company's group management should conduct a risk assessment regarding strategic, operational, legal and financial risks with the aim of identifying potential problem areas, and assess the company's risk exposure. The risk assessment includes identifying risks that may arise and could prevent the company from realizing its vision and achieving its goals, for example if the fundamental requirements of the company's financial reporting are not satisfied. Within each risk segment, the individual responsible for each risk segment identifies risks and the potential consequences, as well as likelihoods, and proposes actions. The Audit Committee is responsible for continuously evaluating the company's risk situation and should support the Board of Directors by making proposals for managing the company's financial risk exposure and risk management.

Control activities

The Board of Directors has adopted a risk management policy to identify and manage the risks associated with Xspray Pharma's operations. Risk management is a high priority within the company. The Board of Directors bears ultimate responsibility for risk management. The company's risk situation is evaluated each year, including an action plan. The company has based its control environment on the risks identified during the risk assessment process. The company has also appointed process owners who are responsible for individual processes.

The CEO and other senior executives all participate in ongoing work in managing risk associated with operating activities. Xspray Pharma has formulated procedures and activities to monitor financial reporting and ensure that any misstatements are discovered and rectified. These activities include monitoring and comparing earnings performance with accounting items, account reconciliations and balance specifications, as well as approvals of banking transactions and collaborative agreements, powers of attorney and approvals lists, as well as accounting and valuation policies. The company's CFO plays a key role in analyzing and monitoring the company's financial reporting and results of operations. Access to the accounting system is limited by authority, responsibility and role.

Information and communication

Xspray Pharma has internal control functions for information and communication intended to ensure that accurate financial and other corporate information is communicated to employees and other stakeholders.

The company's internal instructions and policies are available to all staff and offer detailed information on applicable procedures in all parts of the company, and describe the control functions and how they are implemented.

Monitoring

Compliance and effectiveness of internal controls is regularly monitored. The CEO ensures that the Board of Directors receives regular reports on progress of Xspray Pharma's operating activities including progress of the company's results of operations and financial position, and information on significant events, such as research outcomes and important agreements and contracts. The CEO reports on these issues to the Board of Directors. The company's compliance with applicable policies and control documents, as well as the effectiveness of internal controls, are subject to annual review.

The outcome of this evaluation is compiled by the company's CEO and reported to the Board of Directors each year. The Board of Directors discusses all interim reports and annual accounts prior to their publication and monitors the review of internal controls through the Audit Committee. The Audit Committee supports the Board of Directors by consulting on issues and offering the Board of Directors support in its work on performing its duties within the areas of internal control and auditing, as well as quality assurance of the company's financial reporting.

Board and auditor

Anders Ekblom
Board member and Chairman of the Board since 2021. Chairman of the Remuneration Committee.
Born 1954
Education: M.D., Board certified in Anesthesiology and Intensive Care, D.D.S., Associate Professor in Physiology, Karolinska Institutet.
Other current assignments: Chairman of the Board of Alligator Bioscience AB and Atrogi AB; Board member of Synkerkine Pharma B.V., Flerie AB, Mereo BioPharma Group plc and NxtScience AB; and Deputy Board member of Xspray Pharma Futurum AB.
Holding in the company on December 31, 2025: 6,050 shares and 13,214 warrants.
Independent in relation to the company and its management, but not in relation to major shareholders.

Anne Prener
Board member since 2025. Member of the Audit Committee.
Born 1957
Education: M.D., Ph.D. from Copenhagen University.
Other current assignments: Senior Innovation Advisor at University of Copenhagen, non-executive board member of Galecto Inc.
Holding in the company on December 31, 2025: None.

Robert Molander
Board member since 2022. Member of the Remuneration Committee.
Born 1965
Education: MBA from Washington University as well as two Bachelor degrees from Miami University in Economics and International Studies.
Other current assignments: Owner and CEO of Stratfox Healthcare Group LLC, partner in IRL MD Food Solutions, and board member of SciBase Intressenter AB, SciBase Holding AB (publ), SciBase AB and Biosergen AB.
Holding in the company on December 31, 2025: 10,000 shares.

Carl-Johan Spak
Board member since 2015. Member of the Audit Committee.
Born 1956
Education: Dr. of Odontology, Degree in Dentistry, Karolinska Institutet.
Other current assignments: Board member of Atrogi AB, EpiEndo ehf, Symcel AB, Lipum AB (publ) and Buzzard Pharmaceuticals AB.
Holding in the company on December 31, 2025: None.

Markus Haeberlein
Board member since 2025.
Born 1969
Education: M.Sc. and Ph.D. in Physical Chemistry/Computational Chemistry from KTH Royal Institute of Technology, Stockholm.
Other current assignments: Executive Vice President, Discovery Science at Parabilis Medicines, Cambridge, Massachusetts, USA.
Holding in the company on December 31, 2025: None.

Christine Lind
Board member since 2019. Chairman of the Audit Committee.
Born 1974
Education: Bachelor of Science in Finance & Information Systems from New York University, Stern School of Business; Masters in Business Administration in Finance and Management, Columbia Business School.
Other current assignments: CEO of Bactiguard AB and Bactiguard Holding AB; Chairman and CEO of Lind Growth Strategy AB; deputy board member of Shinka Life Sciences AB.
Holding in the company on December 31, 2025: 8,104 shares.

Anders Bladh
Board member since 2021. Member of the Remuneration Committee.
Born 1958
Education: Bachelor of Science in Business Administration and Economics, University of Uppsala.
Other current assignments: Owner and Chairman of the Board of Intervalor AB and Rimturs AB, owner of Ribbskottet AB, and board member of Umecrine Cognition AB.
Holding in the company on December 31, 2025: 304,200 shares, and 4,757,642 shares via company Ribbskottet AB.
Independent in relation to the company and its management, but not in relation to major shareholders.

Auditor
KPMG AB, PO Box 382, SE-101 27 Stockholm, Sweden was elected
auditor at the Annual General Meeting on May 13, 2025. Ola Larsmon, Authorized Public Accountant, and member of FAR (the Institute for the Accountancy Profession in Sweden) is Auditor in charge.

Executive management

Per Andersson
CEO since 2006.
Born: 1967
Education: Ph.D. in Analytical Chemistry, Stockholm University.
Other current assignments: Chief Executive Officer of Xspray Pharma Inc; Chairman of the Board of Xspray Pharma Futurum AB and Robotic Lawn Care Sweden AB; and Deputy Board member of Journeyman Stockholm AB
Holding in the company on December 31, 2025: 199,560 shares, 89,597 warrants and 179,158 employee stock options.

Niklas Adenborg
Chief Financial Officer since 2024.
Born: 1992
Education: Bachelor's degree in Business and Economics, Uppsala University.
Other current assignments: Chairman of the Board of Päron AB, and Board member of Bostadsrättsföreningen Flöjtblåsaren 7.
Holding in the company on December 31, 2025: 1,721 shares, 11,497 warrants and 23,894 employee stock options.

Linda Glimberg
Chief Operating Officer since 2024.
Born:1974
Education: LL.M., Uppsala University. Master of Laws (LLM), Cambridge University (UK)
Other current assignments: Board member of Robotic Lawn Care Sweden AB. Owner and Board member of Glimberg Holding AB and Glimberg Consulting AB
Holding in the company on December 31, 2025: 2,470 shares via company, 3,342 warrants and 6,684 employee stock options.

Mikael von Euler
Chief Medical Officer since 2024 and member of executive management since October 2025.
Born: 1953
Education: Ph.D. in Oncology from Karolinska Institutet.
Other current assignments: Board member of Dicot AB (publ), Spago Nanomedical AB (publ), Annexin Pharmaceuticals AB and M Von Euler Consulting AB
Holding in the company on December 31, 2025: 3,730 shares.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Board of Directors' Report

The Board of Directors and Chief Executive Officer of Xspray Pharma AB (publ), with registered office in Solna, Sweden, hereby present the annual report for the financial year 2025.
This annual report has been prepared in Swedish currency (SEK), and rounded to the nearest thousand unless otherwise stated. Figures in brackets are for the corresponding period of the previous financial year. Xspray Pharma AB (publ) is referred to as "Xspray Pharma" alternatively the "Company" below unless otherwise stated.

Group structure

The Group structure comprises the Parent Company, Xspray Pharma AB (publ), corporate identity number 556649-3671, and its wholly owned subsidiaries Xspray Pharma Futurum AB, corporate identity number 559178-7642, and Xspray Pharma Inc, corporate identity number 93-13127793. The two Swedish limited liability companies have their registered offices in Solna, Sweden, and the US subsidiary has its offices in Delaware. The address of the head office is Scheeles väg 2, SE-171 65 Solna, Sweden. Figures in the following section apply to the Group unless otherwise stated. Comparison figures are presented in parentheses and pertain to the same period in 2024.

Operations – general

Xspray Pharma AB (publ) is a product development company with several product candidates in clinical development. Utilizing the company's innovative HyNap technology, Xspray Pharma develops improved versions of already marketed drugs, primarily protein kinase inhibitors (PKI) for treating cancer. Protein kinase inhibitors are the largest segment within cancer drugs, and continued high growth is forecast for them over the coming years. There were more than 90 approved protein kinase inhibitors on the US market in December 2025. Xspray Pharma's technology has the potential for application on the majority of these pharmaceuticals.

The company has a partner, EVERSANA, for commercializing the product candidate Dasynoc® in the US. The agreement means that EVERSANA will provide Xspray Pharma with services in market access, medicine and commercial sales organization, patient-supporting programs and compliance with US regulations. Xspray Pharma has been listed on Nasdaq Stockholm since March 27, 2020. Prior to that, the shares were listed on Nasdaq First North Growth Market, Stockholm.

Significant events during the year

- In January, Xspray Pharma issued an update to the schedule for the updated FDA application for Dasynoc®, the company's lead product candidate. One batch of tablets was aberrant, which required a revised timeline. A new batch was manufactured to ensure quality, and production resumed.
- In January, interim data was presented from a food interaction study with product candidate XS003 nilotinib. The study showed that bioavailability remained stable regardless of food intake. These results confirm the benefits of the company's patented HyNap™ technology platform and its ability to deliver significant benefits for patients compared with existing PKI drugs.
- In April, Xspray Pharma announced that it had submitted its updated application for market approval for Dasynoc® to the FDA. The FDA subsequently set the PDUFA date for October 7, 2025, which was the deadline for communicating its decision on the company's application.
- At the Annual General Meeting on May 13, 2025, it was resolved to re-elect Anders Ekblom (Chairman), Anders Bladh, Christine Lind, Robert Molander and Carl-Johan Spak as members of the Board of Directors and to elect Markus Haeberlein and Anne Prener as new members of the Board of Directors. The AGM further resolved to adopt a long-term incentive program for employees (LTIP 2025).
- In June, Xspray Pharma announced that the FDA had conducted a Pre-Approval Inspection (PAI) of the company's manufacturing lines, located at a contract manufacturing partner. The inspection took place as part of the FDA's general GMP inspection of the entire manufacturing facility.
- In July, Xspray Pharma announced the completion of a population pharmacokinetic (PopPK) modeling study that confirmed bioequivalence between XS003 nilotinib and the original drug Tasigna®. Bioequivalence was achieved at less than half the dose compared with Tasigna®. Consequently, the application for market approval of the product candidate XS003 nilotinib could be submitted to the FDA in August.
- In August, Xspray Pharma entered into a license agreement with Handa Therapeutics ("Handa") granting Handa a non-exclusive license to certain

Xspray patents. The license covers commercialization of a dasatinib product in the US market and, at a later stage, selected Asian markets. Under the agreement, Xspray will receive up to a double-digit royalty on Handa's net proceeds.

- The Board decided to conduct a new issue of shares of approximately SEK 130 million, with preferential rights for the company's existing shareholders, as well as an over-allotment issue. The issue was heavily oversubscribed and in light of this, the over-allotment issue was increased from SEK 20 million to approximately SEK 31 million. Through this rights issue and over-allotment issue, Xspray received proceeds totaling approximately SEK 161 million before deduction of transaction costs. Additionally, the Board decided to refinance an existing loan. The maturity was extended by 18 months and the loan was increased by SEK 25 million.
- In October, the FDA issued a Complete Response Letter (CRL) regarding Xspray's application for market approval for Dasynoc® referring to GMP observations at a contract manufacturer as well as additional questions regarding product information. However, these observations did not cover the Xspray production line.
- In October, the FDA announced that it had accepted the application for market approval of XS003 nilotinib for review and set the PDUFA date for June 18, 2026, which is the date on which the agency is expected to issue a decision on the application.

Significant events after the end of the reporting period

- In February, Blake Leitch was appointed Chief Executive Officer, effective no later than June 1, 2026. He succeeds Per Andersson, who will continue in the role of Chief Scientific Officer.
- In February, Xspray Pharma announced that it had submitted its updated New Drug Application for Dasynoc® to the U.S. Food and Drug Administration (FDA). The application includes the additional information requested by the FDA.
- In March, the FDA announced that it had accepted the resubmitted application for market approval of Dasynoc® for review and set the PDUFA date for August 25, 2026, which is the date on which the agency is expected to issue its decision on the application.
- In March, the company announced that the Board had decided to carry out a rights issue of shares of approximately SEK 83 million, with preferential rights for the company's existing owners. The rights issue can be increased by up to SEK 20 million through an over-allotment option.

No events causing restatements of the income statement and balance sheet have occurred between the reporting date and the date of approval of this report.

Research and development activities

Xspray Pharma has four communicated product candidates under development: Dasynoc®, XS003 nilotinib, XS008 axitinib and XS025 cabozantinib. All are improved versions of established PKIs for treating cancer. The FDA's review of the company's application for market approval of Dasynoc® and XS003 nilotinib is in progress as of the date of publication of this Annual Report. See further information on the company's product candidates under *Product Portfolio*.

Xspray Pharma is constantly seeking new products with attractive patent windows by analyzing patent and business opportunities within the PKI area. Xspray Pharma's operational strategy is to first introduce the products in the US market and prepare selected product candidates for launch at favorable patent-specific timings.

During the year, development costs decreased compared with the previous year, primarily due to the completion of several clinical studies for the product candidate XS003 nilotinib, making the project less cost-intensive. However, research and development costs remain attributable to the other product candidates, such as XS008 axitinib and XS025 cabozantinib.

For more information, please see *Strategy*.

Financial overview

The Group's figures comprise primarily the Parent Company's figures, but also figures from Xspray Pharma Inc. Apart from this, the differences comprise Group adjustments that are submitted in accordance with IFRS, see further information in Note 1, *Parent Company accounting policies*. In addition to Xspray Pharma Inc there is the subsidiary Xspray Pharma Futurum AB, which remained dormant during the financial year.

Revenue and profit (Group)

Net sales for the full year were SEK – thousand (–). Sales are not expected to increase until the company obtains market approval for its first product and a launch takes place in the US. Total expenses for the full year amounted to SEK –156,910 thousand (–287,041). Costs consist mainly of administration and sales expenses, which amounted to SEK –151,103 thousand (–203,878) of the total operating expenses. Of these, personnel expenses amounted to SEK –42,568 thousand (–37,012). The costs during the year are primarily attributable to market preparations ahead of the planned launch in the US, legal counseling for Dasynoc® and other development costs in order to broaden the product portfolio. For full-year 2025, the company recognized an operating loss of SEK –156,910 thousand (–287,041). Net loss for 2025 amounted to SEK –171,443 thousand (–285,523). Earnings per share for the full year were SEK –4.46 (–8.62).

Financial position (Group)

Total equity amounted to SEK 604,649 thousand (623,097) as of December 31, 2025, and the equity/assets ratio as of December 31, 2025 was 79 percent (78). The total number of shares as of December 31, 2025 was 41,742,340 (37,138,491).

In September 2025, Xspray Pharma completed a preferential rights issue of 3,713,849 new shares, which resulted in proceeds of SEK 130 million before transaction costs. In light of this high subscription rate, the Board of Directors decided to expand with an over-allotment issue of 890,000 new shares, which brought in an additional SEK 31 million before transaction costs.

In addition to the share issue, the company refinanced its loan of SEK 100 million from creditors Fenja Capital II A/S and Buntel AB. The maturity was extended by 18 months from the date of refinancing and the loan was increased by SEK 25 million. Xspray Pharma had SEK 153,745 thousand (208,236) in cash and cash equivalents on December 31, 2025.

Considering that operations are in a pre-commercial stage without sales revenue, the Board of Directors has decided to propose to the AGM that no dividends are paid to shareholders in 2026. For further information regarding the company's financial position, please see *Financing risk and continued operations* on page 47 and note 16 on page 77.

Cash flow and investments (Group)

Total cash flow for 2025 amounted to SEK –54,056 thousand (41,599). Cash flow from operating activities was SEK –193,163 thousand (–222,367). The effect from working capital was SEK –30,427 thousand (4,589). Cash flow from investing activities was SEK –29,186 thousand (–42,142). The largest portion consisted of ongoing development expenditure that has been capitalized according to plan. Capitalized development expenditure for development activities was SEK 512,190 thousand (478,926) as of December 31, 2025. The capitalizations are attributable to development activities in the company's project, XS003 nilotinib.

Cash flow from financing activities was SEK 168,293 thousand (306,108). This amount is attributable primarily to the preferential rights issue and over-allotment issue that were concluded in September 2025, see below under *New share issues.*

Corporate structure

The corporate structure comprises the two subsidiaries, Xspray Pharma Futurum AB and Xspray Pharma Inc. Operations in Xspray Pharma Inc continued, with activity attributable primarily to the company's Chief Commercial Officer, Edward P. Jordan. Xspray Pharma Futurum AB remains dormant. The majority of activities were pursued in the Parent Company, Xspray Pharma AB (publ).

Human resources & remuneration of senior executives

During the year, the organization remained relatively unchanged compared with the preceding year, with certain adjustments to the leadership structure. At the end of the financial year, the number of employees in the Group was 25 (27). One person is employed in Xspray Pharma Inc as of the balance-sheet date. After the end of the financial year, Edward P. Jordan terminated his employment at his own request. No costs were incurred in connection with the termination of his employment.

Xspray Pharma offers remuneration levels and employment terms in line with the market that enable senior executives and core skills to be hired and retained. All pension obligations should be defined contribution. For more information on remuneration and incentive programs, see below. Market-level agreements between the company and Board members are in place. More information in Note 7.

Nomination Committee

The Nomination Committee for the 2026 AGM has the following members:

- Thomas Eldered, appointed by Flerie Invest AB
- Johan Gyllenswärd, appointed by Ribbskottet AB
- Mattias Klintemar, appointed by the Foundation for Baltic and East European Studies
- Johan Wadell, appointed by AP2
- Anders Ekblom, Chairman of the Board, Xspray Pharma AB

In its work ahead of the AGM, the Nomination Committee's goal has been to ensure that as a group, the Board of Directors possess the necessary skills and experience to lead Xspray Pharma's operations and development successfully. The Nomination Committee applies provision 4.1 of the Swedish Code of Corporate Governance (*the "Code"*). Accordingly in this context, the Nomination Committee has especially considered the need for diversity in terms of skills, experience and backgrounds, considering factors including the company's strategic development, governance and controls. The Nomination Committee has discussed the diversity perspective based on its opinion that it plays a material role in the composition of the Board of Directors, and the Nomination Committee intends to attain an equal gender balance.

The Nomination Committee believes that the proposed Board includes a broad and diversified group of qualified individuals who are motivated and appropriate for the required work. The Nomination Committee also believes that Board members complement each other in terms of qualifications and experience.

Prior to the 2026 AGM, the Nomination Committee will consult on proposals regarding the election of a Chairman and other Board members, the election of a Chairman of the AGM, the election of auditors, a decision on fees and other related matters. The remuneration of senior executives is stated in Note 7.

Environment

Xspray Pharma works actively to alleviate negative environmental impact and to develop as a sustainable company. Since the company has no product sales that impact the environment, it focuses instead on the responsible procurement of goods and services, manufacturing, energy consumption and transportation.

Consistent with the company's sustainability activities, pure CO_2 – a residual product of other emission sources such as brewing products, biogas or fertilizer production – is used in its manufacturing process. For more information, please see *Sustainability*.

Work of the Board of Directors

The company's Board of Directors has seven regular members including the Chairman, elected by the AGM for the period until the end of the 2026 AGM.

In accordance with the Nomination Committee's proposal, the AGM in May 2025 resolved on the re-election of Anders Ekblom, Anders Bladh, Christine Lind, Robert Molander and Carl-Johan Spak as well as the election of Markus Haeberlein and Anne Prener as Board members for the period up until the end of the next AGM. The Board of Directors met 20 (20) times in 2025.

The Board of Directors has duties including formulating goals and strategies, internal controls, ensuring procedures and systems are in place for measuring predetermined goals, continuously evaluating the company's results of operations and financial position, and appraising executive management. The Board of Directors follows written rules and procedures that are revised yearly and adopted at the Board meeting following election each year. The rules of procedure regulate items including the functions of the Board of Directors and segregation of duties between the Board of Directors and CEO and, where appropriate, between the Board of Directors and various Committees. Action logs record the work of the Board of Directors. The Board of Directors appraises its own work and that of its Committees and the CEO's yearly, as well as the company's internal controls and financial reporting.

The share and ownership

The share has been trading on Nasdaq Stockholm with the ticker XSPRAY since March 27, 2020. Prior to that, First North Growth Market since September 28, 2017. As of December 31, 2025, the company had 41,742,340 shares (37,138,491). The share is part of the Healthcare sector.

All shares are ordinary shares and carry equal rights to the company's earnings, and each share carries one vote at the AGM. All shareholders entitled to vote may vote at the Annual General Meeting for the full number of shares held or represented, without limitation of the number of votes. Flerie Invest, Anders Bladh (in private and via Ribbskottet AB) and the Foundation for Baltic and East European Studies are the shareholders with holdings of shares and capital that exceed 10 percent. Flerie Invest's share of capital and votes amounted to 17.5 percent, Anders Bladh's holdings of shares and votes (private and via Ribbskottet AB) were 12.1%, and the Foundation for Baltic and East European Studies holdings were 10.4% at December 31, 2025.

Share issues

In September 2025, Xspray Pharma completed a preferential rights issue of 3,713,849 new shares, which resulted in proceeds of SEK 130 million before transaction costs. In light of this high subscription rate, the Board of Directors resolved to add an over-allotment issue of 890,000 new shares, which brought in an additional SEK 31 million. The subscription price amounted to SEK 35.00 per share and the rights issue increased share capital by SEK 4,603,849.

The Board of Directors' proposal for guidelines for remuneration to senior executives

These guidelines relate to the company's senior executives, including the CEO and Board members. The guidelines are forward-looking, i.e. they are applicable to agreed remunerations, and amendments to remuneration after adoption of the guidelines by the 2026 AGM. These guidelines do not apply to any remuneration decided or approved by the general meeting.

In short, the company's business strategy

Xspray Pharma AB is a product development company with multiple product candidates in clinical development. Xspray Pharma uses its innovative, patented HyNap technology to develop improved versions of marketed drugs, primarily PKIs for the treatment of cancer. The segment is the largest in the field of oncology, and drug prices are extremely high. Using the company's innovative technology, Xspray Pharma can come in as the first competitor to the current original drugs before the secondary patents expire.

For more information regarding the company's business strategy, please see page 12-15.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer competitive total

remuneration to senior executives. Long-term share and share-price related incentive programs have been implemented in the company. The programs include the Chairman of the Board, senior executives including the CEO, and employees in the company. Previous long-term share and share-price related incentive programs have been, and future long-term share and share-price related incentive programs will be, resolved upon by the general meetings and are therefore excluded from these guidelines.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 50 per cent of the fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the CEO, pension benefits, including health insurance (Sw. sjukförsäkring), shall be defined-premium. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for defined-premium pension shall amount to not more than 30 per cent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance, shall be defined-premium. The pension premiums for defined-premium pension shall amount to not more than 35 per cent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance (Sw. sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 15 per cent of the fixed annual cash salary.

Termination of employment

If notice of termination of employment is made by the company, the notice period may not exceed nine months. Severance pay may only be paid in case of certain specific and pre-defined events, whereby the severance pay may not exceed twelve months' fixed salary. If notice of termination of employment is made by the executive, the notice period may not exceed six months and the executive shall not be entitled to severance pay, unless in case of certain specific and pre-defined events in which case the company shall be able to extend the notice period up to nine months and make severance payments up to twelve months' fixed salary. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 per cent of the average monthly income during the last twelve months before the termination and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. The performance criteria are recommended by the Remuneration Committee and decided on by the Board on an annual basis. The criteria can be linked to the development of the company's share price and/or the development and progression of the company's product candidates. They may also be individualized, quantitative, or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

When the performance review period for variable remuneration has ended, the Remuneration Committee and Board shall determine to which extent the criteria has been met.

The Remuneration Committee is responsible for evaluating the remuneration to senior executives, including the CEO. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In preparing the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report. The report will be presented at the AGM and will be available on the company's website.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent in relation to company and its executive management. The CEO and other members of executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a if it is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Incentive programs

As of December 31, 2025, the company has three series of warrants to senior executives and other key individuals. An additional program (LTI 2025) was approved at the AGM on May 13, 2025, but has not yet been issued to employees. Warrant program 2021/2025 expired during 2025. No warrants were exercised.

The three remaining warrant programs were measured at market value by applying the Black & Scholes valuation model as of their grant dates. See also information on Note 7.

Risks and uncertainty factors

Business risks

Business risks are primarily associated with development work. If bioequivalence studies on healthy trial subjects that Xspray Pharma conducts do not demonstrate bioequivalence, or if their safety profile is not approved by regulators, there is a risk for delays. Manufacturing by providers of clinical trial materials and materials for stability studies may also be delayed. These delays may depend on difficulties in securing the relevant permits from drug regulators for manufacturing pursuant to GMP standards, or technical problems with the manufacturing process. Dependence on a CMO may also constitute a risk if the supplier fails to meet quality requirements, encounters capacity constraints, or experiences regulatory or operational disruptions that could affect deliveries and project timelines. If the development of product candidates, or a pharmaceutical study, are delayed, this generally means projects becoming more costly because development expenses continue for longer than planned. This may mean expected revenues are not received on schedule, which may adversely impact the company's operations and financial position.

When a pharmaceutical gains approval, the risk remains that sales do not meet expectations and that the product does not become commercially successful. There is a risk that Xspray Pharma will be subject to lawsuits from original drug companies for patent infringement, risking being blocked from launching its products for up to 30 months. The launch of the company's products may also be affected by competing products obtaining exclusivity, which, together with other factors both within and outside the company's control, may impact market acceptance and the commercialization of the company's product candidates.

Legal risks

The company conducts its operations in an industry where legal proceedings occur to a large extent. Xspray Pharma's competitors are partly companies that currently have approved and fully developed drugs within the same area as Xspray Pharma's product candidates, which entails an inherent risk that the companies owning the original drug will initiate legal proceedings against Xspray Pharma for patent infringement, or on other grounds, to prevent Xspray Pharma's operations.

Financial risk management and the company's asset management procedures

Through its operations, the company is exposed to various financial risks such as currency risk, market risk, credit risk and liquidity risk. The company collaborates with international parties and there is some exposure to fluctuations in different currencies, mainly the USD, EUR and GBP. Currency risk arises in future business transactions and in reported assets and liabilities. The scope of the company's operations means that at present, its net foreign currency exposure is limited.

Credit risk in cash and cash equivalents is considered negligible, because counterparties are reputable banks with high credit ratings from external institutes. Financing risk is the ability to fund projects until commercialization and launch. Liquidity risk is the company being unable to meet its commitments. The company manages this risk by continuously monitoring its cash flow to reduce liquidity risk and ensure solvency. The company does not conduct active trading in financial assets for speculation. The goal of asset management is to generate reasonable returns on the company's investments.

Financing risk and going concern

There is a risk that the Group's cash and cash equivalents for the next 12 months will be insufficient. The company's capital requirements depend on several factors, including the launch date of its first product candidates, Dasynoc® and XS003 nilotinib, as well as the findings of and costs for ongoing and future drug trials. Furthermore, the company has a loan of SEK 125 million that matures in February 2027, which constitutes an additional factor to consider when assessing capital needs. In light of this, the Board is monitoring the situation and is evaluating different financing options including timing and scope for raising capital that can be beneficialto the company. The Board believes that the prospects for raising capital are good. However, if financing is insufficient, this indicates material uncertainty, which could lead to significant doubts on the Group's ability to continue its operations, see note 16 on page 77.

In accordance with the policy by the Board of Directors, the Group must maintain a strong financial position, which will help the company retain investor and market confidence. It also creates a foundation for further development of company operations, with continued long-term support for its goal of securing dividends for the company's owners. Until the company has achieved long-term, sustainable profitability, its policy is to maintain a low level of debt and a high level of equity.

Historical summary Group	2025	2024	2023	2022	2021
Net sales (SEK thousand)	—	—	—	—	—
Loss before tax (SEK thousand)	-171,546	-285,674	-179,684	-131,670	-96,698
Earnings per share before dilution (SEK)	-4.46	-8.62	-6.76	-6.25	-5.03
Earnings per share after dilution (SEK)	-4.46	-8.62	-6.76	-6.25	-5.03
Research and development expenses as % of operating expenses	6.6	27.4	18.9	16.4	39.1
Cash and cash equivalents (SEK thousand)	153,745	208,236	166,303	120,166	271,881
Total assets (SEK thousand)	769,346	796,344	765,263	585,430	622,903
Equity/assets ratio (%)	79	78	91	95	95
Average number of employees	26	26	26	25	23

For definitions of key figures, see Note 27.

Historical summary Parent Company	2025	2024	2023	2022	2021
Net sales (SEK thousand)	—	—	—	—	—
Loss before tax (SEK thousand)	-174,611	-286,719	-181,781	-133,017	-97,116
Earnings per share before dilution (SEK)	-4.54	-8.65	-6.84	-6.31	-5.05
Earnings per share after dilution (SEK)	-4.54	-8.65	-6.84	-6.31	-5.03
Research and development expenses as % of operating expenses	7.8	28.3	19.2	16.6	39.1
Cash and cash equivalents (SEK thousand)	151,159	206,682	165,658	120,116	271,831
Total assets (SEK thousand)	735,780	760,293	726,507	581,592	619,305
Equity/assets ratio (%)	81	81	95	95	96
Average number of employees	25	25	26	25	23

Dividend policy

The Board of Directors does not intend to propose any dividends to shareholders until the company can generate long-term sustainable profitability and a positive cash flow. The Board of Directors' opinion is that the company should maintain its focus on continued development and expansion of its pipeline. Accordingly, available financial resources and reported results of operations should be reinvested in operations to finance the company's long-term strategy.

Future dividends and their scale will be determined on the basis of the company's long-term growth, earnings performance and capital requirements considering adopted goals and strategies. Where proposed, dividends will be well-balanced in terms of the company's goals, scope, and business risk.

Proposed appropriation of profits (SEK):

The following funds are at the disposal of the Annual General Meeting:

Share premium reserve	1,577,042,105
Loss brought forward	-1,351,770,359
Loss for the year	-174,611,402
Total	**50,660,344**
Board of Directors proposes that these funds are appropriated as follows:	
Share premium reserve	1,577,042,105
Loss brought forward	-1,526,381,761
Carried forward	**50,660,344**

Financial statements

Consolidated Income Statement

Amount in SEK thousand	Note	2025	2024
Net sales		–	–
Other operating income	4	6,432	2,096
Research and development expenses		-10,750	-79,358
Administration and sales expenses	3	-151,103	-203,878
Other operating expenses	5	-1,489	-5,901
Operating loss		**-156,910**	**-287 041**
Finance income	8	2,215	3,297
Finance costs	8	-16,851	-1,929
Finance net		**-14,636**	**1,368**
Loss before tax		**-171,546**	**-285,674**
Tax	9	104	151
Loss for the year*		**-171,443**	**-285,523**
Earnings per share for the year before dilution, SEK	29	-4.46	-8.62
Earnings per share for the year after dilution, SEK		-4.46	-8.62
Average number of shares before dilution		38,453,876	33,137,306
Average number of shares after dilution		38,453,876	33,137,306

Consolidated Statement of Comprehensive Income

Amount in SEK thousand	2025	2024
Loss for the year	**-171,443**	**-285,523**
Translation difference	-444	205
Comprehensive income for the year*	**-171,887**	**-285,318**

* Loss for the year and comprehensive income are attributable in their entirety to the Parent Company's shareholders.

Consolidated Balance Sheet

Amount in SEK thousand	Not	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	512,190	478,926
Total intangible assets		**512,190**	**478,926**
Property, plant and equipment			
Machinery and installations	11	1,434	3,565
Right-of-use assets	12	26,598	32,204
Equipment	13	1,566	2,026
Fixed assets under construction and prepayments	14	41,389	41,389
Total Property, plant and equipment		**70,988**	**79,185**
Financial assets			
Financial investments		1	1
Other long-term receivables	17	3,271	3,167
Total financial assets		**3,272**	**3,168**
Total non-current assets		**586,450**	**561,279**
Current assets			
Inventories	18	22,296	20,335
Current receivables		3,842	4,018
Prepaid expenses and accrued income	19	3,012	2,476
Cash and cash equivalents	20	153,745	208,236
Total current assets		**182,896**	**235,066**
TOTAL ASSETS		**769,346**	**796,344**

Consolidated Balance Sheet cont.

Amount in SEK thousand	Not	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity	21		
Share capital		41,742	37,138
Other contributed capital		1,574,042	1,425,208
Reserves		553	997
Retained earnings including profit/loss for the year		-1,011,689	-840,247
Total equity attributable to the Parent Company's shareholders		**604,649**	**623,097**
Non–current liabilities			
Lease liabilities	12	21,718	27,108
Non-current interest-bearing liabilities	23	121,316	-
Total non-current liabilities		**143,034**	**27,108**
Current liabilities			
Current interest-bearing liabilities		-	96,000
Trade accounts payable	16	3,323	17,083
Lease liabilities	12	5,358	5,113
Other current liabilities		1,132	9,312
Accrued expenses and deferred income	22	11,850	18,632
Total current liabilities		**21,663**	**146,140**
TOTAL EQUITY AND LIABILITIES		**769,346**	**796,344**

Consolidated Statement of Changes in Equity

Amount in SEK thousand	Share capital	Other contributed capital	Translation reserves	Reserves	Retained earnings including profit/ loss for the year	Total equity
Opening balance as of January 1, 2024	**31,254**	**1,216,093**	**-184**	**976**	**-554,724**	**693,414**
Loss for the year	-	-	-	-	-285,523	**-285,523**
Other comprehensive income for the year	-	-	205	-	-	**205**
Total comprehensive income for the year	**-**	**-**	**205**	**-**	**-285,523**	**-285,318**
Transactions with shareholders						
Warrant program	-	1,122	-	-	-	**1,122**
New share issue	5,885	229,513	-	-	-	**235,398**
Transaction costs	-	-21,519	-	-	-	**-21,519**
Total	**5,885**	**209,116**	**-**	**-**	**-**	**215,001**
Closing balance as of December 31, 2024	**37,138**	**1,425,208**	**21**	**976**	**-840,247**	**623,097**
Opening balance as of January 1, 2025	**37,138**	**1,425,208**	**21**	**976**	**-840,247**	**623,097**
Loss for the year	-	-	-	-	-171,443	**-171,443**
Other comprehensive income for the year	-	-	-444	-	-	**-444**
Total comprehensive income for the year	**-**	**-**	**-444**	**-**	**-171,443**	**-171,887**
Transactions with shareholders						
Warrant program	-	-41	-	-	-	**-41**
New share issue	4,604	156,531	-	-	-	**161,135**
Transaction costs	-	-7,656	-	-	-	**-7,656**
Total	**4,604**	**148,834**	**-**	**-**	**-**	**153,438**
Closing balance as of December 31, 2025	**41,742**	**1,574,042**	**-423**	**976**	**-1,011,689**	**604,649**

Consolidated Statement of Cash Flow

Amount in SEK thousand	Not	2025	2024
Operating activities			
Operating loss		-156,910	-287,041
Non-cash adjustments			
Depreciation and amortization		5,579	8,547
Unrealized currency effect		-	-32
Disposal of inventory items		-	29,471
Disposal of property, plant and equipment		-	22,772
Interest received		2,215	2,240
Interest paid		-13,620	-2,913
Cash flow from operating activities before changes in working capital		**-162,736**	**-226,956**
Changes in working capital			
Change in inventory		-1,961	-6,025
Change in operating receivables		-400	1,336
Change in operating liabilities		-28,066	9,278
Cash flow from operating activities		**-193,163**	**-222,367**
Investing activities			
Capitalized development expenditure		-29,186	-37,762
Acquisition of property, plant and equipment		-	-4,380
Cash flow from investing activities		**-29,186**	**-42,142**
Financing activities			
New share issue		161,134	235,398
Loans raised	23	120,000	96,000
Loan repayments		-100,000	-
Capital-raising costs		-7,656	-21,519
Payment of lease liability	12	-5,144	-4,893
Repurchased warrants		-41	-64
Issuance of warrants	7	-	1,186
Cash flow from financing activities		**168,293**	**306,108**
Cash flow for the year		**-54,056**	**41,599**
Cash and cash equivalents at the beginning of the year	20	208,236	166,303
Exchange rate differences		-435	334
Cash and cash equivalents at the end of the year		**153,745**	**208,236**

Parent Company Income Statement

Amount in SEK thousand	Not	2025	2024
Net sales		–	–
		–	**–**
Other operating income	4	6,432	2,096
Research and development expenses		-12,996	-81,982
Administration and sales expenses		-151,918	-201,453
Other operating expenses	5	-1,489	-5,934
Operating loss	3	**-159,971**	**-287,273**
Finance income	8	2,211	2,483
Finance costs	8	-16,851	-1,929
Finance net		**-14,640**	**554**
Loss before tax		**-174,611**	**-286,719**
Tax	9	-	-
Loss for the year		**-174,611**	**-286,719**

Parent Company Statement of Comprehensive Income

Amount in SEK thousand	2025	2024
Loss for the year	**-174,611**	**-286,719**
Other comprehensive Income	-	-
Total comprehensive income for the year	**-174,611**	**-286,719**

Parent Company Balance Sheet

Amount in SEK thousand	Not	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	503,500	473,481
Total intangible assets		**503,500**	**473,481**
Property, plant and equipment			
Machinery and installations	11	1,434	3,565
Equipment	13	1,566	2,026
Fixed assets under construction and prepayments	14	41,389	41,389
Total Property, plant and equipment		**44,390**	**46,980**
Financial assets			
Shares in subsidiaries	15	3,505	2,238
Financial investments	16	1	1
Other long-term receivables	17	2,999	2,999
Total financial assets		**6,505**	**5,237**
Total non-current assets		**554,395**	**525,699**
Current assets			
Inventories	18	**22,296**	**20,335**
Current receivables			
Other current receivables		4,077	4,299
Prepaid expenses and accrued income	19	3,854	3,277
Total current receivables		**7,931**	**7,576**
Cash and bank	20	151,159	206,682
Total current assets		**181,385**	**234,594**
TOTAL ASSETS		**735,780**	**760,293**

Parent Company Balance Sheet cont.

Amount in SEK thousand	Not	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity	21		
Restricted equity			
Share capital		41,742	37,138
Statutory reserve		976	976
Development expenditure reserve		503,500	473,481
Total restricted equity		**546,219**	**511,596**
Non-restricted equity			
Share premium reserve		1,577,042	1,428,208
Loss brought forward		-1,351,770	-1,035,032
Loss for the year		-174,611	-286,719
Total non-restricted equity		**50,660**	***106,456***
Total equity		**596,879**	**618,052**
Non-current liabilities			
Non-current interest-bearing liabilities	23	121,316	-
Total non-current liabilities		**121,316**	**-**
Current liabilities			
Current interest-bearing liabilities		-	96,000
Trade accounts payable		3,310	18,296
Other current liabilities		2,435	9,312
Accrued expenses and deferred income	22	11,841	18,632
Total current liabilities		**17,585**	**142,241**
TOTAL EQUITY AND LIABILITIES		**735,780**	**760,293**

Parent Company Statement of Change in Equity

Amount in SEK thousand	Share capital	Statutory reserve	Development expenditure reserve	Total restricted equity	Share premium reserve	Retained earnings	Loss for the year	Total non-restricted equity	Total equity
Opening balance as of January 1, 2024	**31,254**	**976**	**435,182**	**467,412**	**1,219,092**	**-814,952**	**-181,781**	**222,359**	**689,771**
Transfer of loss from previous year	–	–	–	–	–	-181,781	181,781	–	**–**
Loss for the year	–	–	–	–	–	–	-286,719	-286,719	**-286,719**
Other comprehensive income for the year	–	–	–	–	–	–	–	–	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**-286,719**	**-286,719**	**-286,719**
Transactions with shareholders									
Warrant program	-	-	-	-	1,122	-	-	1,122	**1,122**
New share issue	5,884	-	-	5,884	229,514	-	-	229,514	**235,398**
Transaction costs	-	-	-	-	-21,519	-	-	-21,519	**-21,519**
Total	**5,884**	**-**	**-**	**5,884**	**209,117**	**-**	**-**	**209,117**	**215,001**
Development expenditure reserve									
Provisions for the year	-	-	38,299	38,299	-	-38,299	-	-38,299	**-**
Total	**-**	**-**	**38,299**	**38,299**	**-**	**-38,299**	**-**	**-38,299**	**-**
Closing balance as of December 31, 2024	**37,138**	**976**	**473,481**	**511,596**	**1,428,208**	**-1,035,032**	**-286,719**	**106,456**	**618,052**
Opening balance as of January 1, 2025	**37,138**	**976**	**473,481**	**511,596**	**1,428,208**	**-1,035,032**	**-286,719**	**106,456**	**618,052**
Transfer of loss from previous year	–	–	–	–	–	-286,719	286,719	–	**–**
Loss for the year	–	–	–	–	–	–	-174,611	-174,611	**-174,611**
Other comprehensive income for the year	–	–	–	–	–	–	–	–	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**-174,611**	**-174,611**	**-174,611**
Transactions with shareholders									
Warrant program	–	–	–	–	-41	–	–	-41	**-41**
New share issue	4,604	–	–	4,604	156,531	–	–	156,531	**161,135**
Transaction costs	–	–	–	–	-7,656	–	–	-7,656	**-7,656**
Total	**4,604**	**–**	**–**	**4,604**	**148,834**	**–**	**–**	**148,834**	**153,438**
Development expenditure reserve									
Provisions for the year	–	–	30,019	30,019	–	-30,019	–	-30,019	**–**
Total	**–**	**–**	**30,019**	**30,019**	**–**	**-30,019**	**–**	**-30,019**	**–**
Closing balance as of December 31, 2025	**41,742**	**976**	**503,500**	**546,219**	**1,577,042**	**-1,351,770**	**-174,611**	**50,660**	**596,879**

Parent Company Statement of Cash Flow

Amount in SEK thousand	Not	2025	2024
Operating activities			
Operating loss		-159,971	-287,273
Non-cash adjustments			
Depreciation and amortization		2,591	5,476
Disposal of intangible assets		-	29,471
Disposal of property, plant and equipment		-	19,716
Interest received		2,211	2,240
Interest paid		-12,201	-1,263
Cash flow from operating activities before changes in working capital		**-167,370**	**-231,633**
Changes in working capital			
Changes in inventory		-1,962	-6,025
Change in operating receivables		-355	1,279
Change in operating liabilities		-27,988	8,837
Cash flow from operating activities		**-197,675**	**-227,542**
Investing activities			
Purchase of intangible assets		-30,019	-38,299
Acquisition of property, plant and equipment		-	-4,379
Contribution to Group companies		-1,267	-
Cash flow from investing activities		**-31,286**	**-42,678**
Financing activities			
New share issue		161,134	235,398
Loans raised	23	120,000	96,000
Loan repayments		-100,000	-
Capital-raising costs		-7,656	-21,519
Repurchased warrants		-41	-64
Allocated warrants		-	1,186
Cash flow from financing activities		**173,437**	**311,001**
Cash flow for the year		**-55,524**	**40,781**
Cash and cash equivalents at the beginning of the year	20	206,682	165,658
Exchange rate differences		-	243
Cash and cash equivalents at the end of the year		**151,159**	**206,682**

Notes – applicable to both consolidated and parent company financial statements

Not 1 Redovisningsprinciper

General information, consistency with IFRS and going concern assumptions
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU).

The consolidated accounts also comply with recommendation RFR 1 "Supplementary Accounting Rules for Groups" from the Swedish Financial Reporting Board.

The Parent Company applies the same accounting policies as the Group, apart from certain instances stated below in the section "Parent Company accounting policies."

The financial statements of Xspray Pharma for the financial year ending December 31, 2025 were approved by the Board of Directors and CEO on March 26, 2026 and will be presented for adoption by the Annual General Meeting (AGM) on May 12, 2026.

Assets and liabilities are recognized at historical cost.

New standards and interpretations
The Group's and the Parent Company's accounting principles are unchanged compared with the Annual Report 2024.

The changed standards that came info effect in 2025 have not had any material effect on the Group. These new standards and interpretation statements are not expected to have a material impact on the consolidated financial statements in current or future periods. IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 and will be effective for financial years beginning on or after 1 January 2027. The Group is currently assessing the potential impact of the new standard on the Group's financial statements. New and amended IFRSs with future application adopted by the IASB are not expected to have any material effect on the Group's financial statements.

Functional currency and presentation currency
The Group and Parent company's functional currency is the Swedish krona, which is also the presentation currency of the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor. All amounts are rounded to the nearest thousand unless otherwise indicated.

Classification
Non-current assets comprise of amounts that are expected to be recovered or the risks and rewards associated with ownership are expected to be realized after at least 12 months from the reporting date, whilst current assets comprise of amounts that are expected to be recovered or the risks and rewards associated with ownership are expected to be realized within 12 months of the reporting date. Non-current liabilities comprise amounts that Xspray Pharma has an unconditional right to defer settlement until a time at least 12 months from the reporting date. If Xspray Pharma does not possess this entitlement as of the reporting date, or if the liability is expected to be settled within the normal business cycle, the liability amount is recognized as a current liability.

Basis of consolidation
Subsidiaries
Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are recognized according to the acquisition method. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation
Intra-Group receivables and payables, and any unrealized income and expenses arising from intra-Group transactions, are eliminated entirely when consolidating accounts.. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no impairment requirement.

Transactions in foreign currency
Transactions in foreign currency are translated to the functional currency at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the reporting date. Exchange gains and exchange losses on trade receivables and trade payables are recognized in operating profit or loss, while exchange gains and exchange losses on financial receivables and liabilities are recognized in finance net within the income statement.

Revenue from contracts with customers
Revenue is measured based on the compensation specified in the contract with the customer. The Group recognizes revenue when control over a product transfers to the customer. Control arises at a point in time, or over time, depending on the contract terms with the customer.

The Group does not expect to generate any revenues before the Group's products are launched on the market. Sales are not expected to increase until the company according to the current business plan obtains market approval of its first product or a business agreement is made.

Licence agreements and royalties
Royalty income based on the licensee's sales is recognised as revenue when the underlying sales occur, in accordance with IFRS 15. Payments are received on a quarterly basis. The licence is considered a distinct performance obligation that is satisfied in full upon transfer of the licence to the counterparty. As licensing does not constitute a core part of the Group's primary operations, royalty income is recognised under Other operating income.

Segment reporting
Xspray Pharma does not divide its operations into different operating segments. This reflects the Group's organizational structure and reporting system. The Chief Operating Decision Maker (CODM) is the CEO.

The Group has no operating segments, but rather, has a single development operation that consists of developing protein kinase inhibitors for targeted cancer therapy. Within this narrow operational focus, there are three similar product candidates, all based on the same technology. Development operations are conducted as a single segment without any sub-groups or specialization into any of the three products. The Head of R&D is responsible for all development projects and reports to the Parent Company's CEO. The Parent Company's CEO is responsible for operational governance, monitoring and allocation of resources. Accordingly, these operations are reflected in the consolidated financial statements.

Finance income and expenses
Finance income consists of interest income and exchange rate gains on bank balances and other interest-bearing investments. Finance expenses consist of interest expenses relating to lease liabilities; for more information see below under "Leases".

Interest income and interest expenses are recognized in accordance with the effective interest method. The effective

Note 1 Accounting policies – cont.

interest rate is the interest rate that discounts estimated future receipts and payments during the anticipated term of the financial instrument to the financial asset's recognized gross value or at the amortized cost of the financial liability. Interest income and interest expenses include allocated amounts of transaction expenses, and any discounts or premiums.

For financial assets that have been credit-impaired after first-time recognition, interest income is measured by applying the effective interest rate on the financial asset's amortized cost. If the asset is no longer credit-impaired, interest income is measured by applying effective interest on the recognized gross value.

Interest expenses are recognized in profit or loss in the period to which they relate, apart from to the extent that they are included in the cost of an asset. An asset for which interest is included in cost is an asset that by necessity takes significant time to complete for intended use or sale. Interest is capitalized in the Group's capitalized development expenditure.

Exchange rate gains and losses on financial items are recognized on a net basis as finance income or finance expenses, respectively.

Leases

Leases mainly relate to premises and vehicles. The standard implies that identified leases are recognized in the balance sheet and classified as a right-of-use asset and a corresponding lease liability. Leases of low value are expensed as associated costs are incurred. The Group defines leases of low value as associated leased assets with a value as new condition of less than SEK 50 thousand.
When the Group enters a lease, a judgment is made as to whether this arrangement confers entitlement to control use of the identified asset for a period in exchange for compensation paid to the lessor. An asset for right-of-use and a lease liability is recognized at the commencement date of the lease, which is the date that the Group gains access to and is able to commence use of the underlying asset. Initially, the right-of-use asset is of the same amount as the lease liability, adjusted for any lease payments made prior to the start date, plus any initial direct expenses, and an estimate of expenses to restore the underlying asset, less any discounts received.

The lease asset is subsequently amortized on a straight-line basis over its useful life, which is assumed to correspond to the lease term.

The lease liability, divided into a long-term and short-term portion, is initially measured at the present value of remaining lease payments over the estimated lease term. The lease term consists of the irrevocable period plus additional periods in the lease arrangement, if at the start date, it is reasonably certain that they will be utilized. Lease payments are normally discounted at the Group's incremental borrowing rate, which in addition to the Group's credit risk, reflects the lease term of each arrangement and the quality of the underlying asset as intended security. However, in those cases where the implicit interest of the lease arrangement can be readily determined, this rate is applied. This is generally the case for leased vehicles. The value of the liability reduces with amortization over the term, which amounts to the net of the lease payments and interest expense over the term.

For premises leases, no distinction is made between lease and non-lease components included in lease payments. Instead, lease and non-lease components are recognized as a single lease component.

Rent payments are restated when changes to future lease payments arise through changes to indexes or altered judgments of the contract resulting from circumstances such as a purchase, contract extension or contract termination. A corresponding restatement of the right-of-use is recognized. For more information, see Note 12.

Employee benefits

Short-term benefits

Short-term benefits to employees such as salary, social security contributions, vacation pay, and bonuses are expensed during the period in which the employees render services to the Group.

Pensions

The Group's pension obligations are comprised of defined contribution plans only. A defined contribution pension plan is a pension plan by which the Group pays fixed premiums to a separate legal entity. The Group has no legal or informal obligations to pay further premiums if this legal entity has insufficient assets to pay all benefits to employees associated with employee service during current or previous periods. Accordingly, the Group bears no further risk associated with pension obligations. The Group's obligations regarding premiums to defined contribution plans are recognized as an expense in profit or loss for the year at the rate that they are accrued by employees rendering services for the Group during the period.

Share-based payment

The Group has incentive programs that include warrants for all employees as well as key individuals. Warrants that are distributed to employees free of charge or subsidy, constitute a share-based payment and are accounted for as personnel expenses in the Group's profit, considering the number of warrants that are expected to be exercised. The cost is expensed over the vesting period and is accounted for in equity. Social security contributions attributable to share-based remuneration are expensed over the vesting period. Warrants acquired by employees at market value are not reported as share-based compensation but as financial instruments. For all warrant programs, warrant prices have been determined at fair value through application of the Black & Scholes valuation model at the time of allocation. Please refer to Note 7 for further information on all incentive programs.

Termination benefits

A provision for benefits in connection with the termination of staff is only recognized if the Group is obligated to terminate employment before the normal time without any realistic possibility of withdrawal, and the affected groups of employees have been informed of the corresponding redundancy plan. A provision is made for that portion of termination benefits that will be paid without requiring employees to render services.

Tax

Income tax consists of current tax and deferred tax. Income tax is recognized in profit or loss for the year with the exception of when the underlying transaction is recognized in other comprehensive income or in equity; when the associated tax effect is recognized in other comprehensive income or equity, respectively.

Current tax is tax to be paid or received for the current period, including restatement of current tax attributable to previous periods. Current and deferred tax is computed by applying those tax rates and tax regulations that are enacted or substantively enacted on the reporting date.

Deferred tax is recognized according to the balance sheet method on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only to the extent it is likely that they can be utilized. The value of deferred tax assets is impaired when it is no longer considered likely that they can be utilized.

Note 1 Accounting policies – cont.

As the Group is in a development phase and has yet to launch any products for sale, tax loss carry-forwards have been generated since company operations commenced. The underlying potential tax value of loss carry-forwards has not been recognized as a deferred tax asset because IFRS does not permit the recognition of deferred tax in deductible deficits if there are not convincing factors indicating that the loss carry-forwards can be utilized within the foreseeable future. The deferred tax receivable in loss carry-forwards is recognized in those cases where offset is possible against deferred tax liabilities. Deferred tax assets are recognized on a net basis against deferred tax liabilities only if they can be settled on a net basis.

Non-current assets
Intangible assets
Limited-life intangible assets are recognized at cost less amortization and any impairment. Intangible assets are amortized systematically over the asset's estimated useful life. The useful life is reassessed at each reporting date and adjusted as required. Amortization of the asset commences once economic benefits associated with the asset are realized by the entity.
When the asset's amortizable amount is determined, the asset's residual value is considered where appropriate.

Development expenditure is capitalized when it satisfies the criteria of IAS 38 "Intangible Assets." Otherwise, development expenditure is expensed as it occurs as operating expenses. The criteria for capitalization are:

- it is technically or commercially feasible to complete the product or process for use,
- the entity intends to complete development of the asset and use or sell it,
- the ability to sell the asset exists,
- the means by which the asset will generate future economic benefits can be demonstrated,
- adequate technical, financial, and other resources to complete development to use the asset are available, and
- the costs related to the asset during its development can be measured reliably.

Expenditure directly related to the development of the asset that is capitalized as part of capitalized development expenditure includes expenditure for employees, external consultants, amortization of a right-of-use asset in the form of premises used, and interest.

The following useful lives are applied:	
Capitalized development expenditure	5-10 years
Patents	5 years

Property, plant and equipment
Property, plant, and equipment consists of machinery and technical plant and is recognized in the Group at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by its acquisition. The carrying amount of an asset is derecognized from the balance sheet on disposal or sale, or when no future economic benefits are expected from use or disposal/sale of the asset. A gain or loss on the sale or disposal of an asset consists of the difference between the selling price and the carrying amount of that asset less direct selling expenses. Gains and losses are recognized as other operating income/expenses.

The Group presents right-of-use assets in the balance sheet jointly with owned assets of the same class as the underlying leased asset. The leased assets are specified by asset class in Note 12.

The following useful lives are applied:	
Machinery and installations	3 – 10 years
Equipment	3 – 5 years
Leasehold improvements	Estimated lease term

The depreciation of owned property, plant and equipment is recognized on a straight-line basis over estimated useful life of the asset. The depreciation methods and useful lives applied are re-evaluated at each reporting date. Right-of-use assets from leases are amortized over estimated useful lives based on the irrevocable term of arrangements, plus extension options, initially assumed as reasonably certain.

Impairment of non-financial assets
Assets with indefinite useful lives such as the Group's intangible assets where amortization has not yet commenced because they are not yet in use are subject to impairment testing at least annually and when there are indications of impairment. Assets that are amortized are assessed for impairment at any time events or changes in circumstances indicate that the carrying amount is not recoverable.

Assets are impaired by the amount that its carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less selling expenses and its value in use. Impairment is recognized as an expense in profit or loss for the year.

If, during the impairment test, it is not possible to determine largely independent cash flows for an individual asset, assets are grouped at the lowest level where it is possible to identify largely independent cash flows, known as cash-generating units.

To test the value of intangible assets, Xspray Pharma applies a discounted cash flow model. The measurement of current development projects is computed by measuring the present value of future cash flows. This measurement considers cash flow over the next five years.

Previously recognized impairment is reversed if the recoverable amount is judged to exceed the carrying amount. However, the reversal is not of an amount greater than the carrying amount would have been if no impairment had been recognized in previous periods. However, goodwill impairment is never reversed.

Inventory
The inventory is accounted for according to the lowest of cost and net realizable value. The value of cost is determined through the use of the first in, first out method (FIFO). The cost of completed goods and ongoing work comprises raw materials, direct salaries, other direct costs and associated indirect production costs (based on normal production capacity). The net realizable value is the estimated sales price in the ongoing business, deducting for variable sales costs. Stock is tested for obsolescence on a quarterly basis based on future sales prognosis and the shelf-life of material in inventory.

Financial instruments
Financial instruments recognized in the balance sheet as assets include cash and cash equivalents, financial investments, accounts receivable, contract assets (accrued operating income) and loans receivable. Financial liabilities recognized in the balance sheet as liabilities consist of trade accounts payable. Lease liabilities are described above and do not constitute financial instruments.

Note 1 Accounting policies – cont.

Recognition and derecognition from the balance sheet
Financial assets are recognized when the Group becomes a contract party in the matter of the financial instrument's contracted terms. Receivables are recognized when the Group has delivered and there is a contracted obligation for the counterparty to pay, even if no invoice has been sent. Accounts receivable are recognized in the balance sheet when an invoice has been sent.

Financial liabilities are recognized when the counterparty has delivered a good or service and there is a contracted obligation to pay, even if no invoice has been received. Trade accounts payable are recognized when an invoice has been received.

Financial assets are derecognized from the balance sheet when the contracted rights to cash flows ceases or if the right to cash flows transfers through a transaction where essentially all risks and rewards are transferred to the counterparty.

A financial liability is derecognized from the balance sheet when it has been discharged, cancelled, or expired.

Classification and measurement of financial assets on initial recognition
The Group initially classifies financial assets and financial liabilities in accordance with the following measurement categories

- Amortized cost
- Fair value through profit or loss
- Fair value through other comprehensive income

The classification by measurement category determines how the financial assets and liabilities are measured and recognized initially and subsequently thereafter.

The Group's policies for classifying and measuring financial assets are based on a judgment of both (i) the Group's business model for managing financial assets, and (ii) the characteristics of the contracted cash flows from the financial asset. The Group's financial assets, except from the item "financial investments" of SEK 1 thousand that belong to the valuation category financial assets valued at fair value through profit or loss, are valued at amortized cost due to the assets being held within the auspices of a business model which aims to obtain financial assets with the purpose of collecting contracted cash flows, and at predetermined times, the contracted assets give rise to cash flows that are exclusively payment of principal and interest on the outstanding amounts.

Financial assets and financial liabilities are measured at fair value on initial recognition. For financial instruments not measured at fair value through profit or loss, transaction expenses directly attributable to the purchase or issuance are added to the value of the associated asset or liability. Accounts receivable are typically measured at transaction price.

Subsequent measurement
After initial recognition, financial assets and financial liabilities classified in the amortized cost category are measured at amortized cost by applying the effective interest method. Interest including allocated transaction expenditure, exchange rate gains or losses and gains or losses on derecognition from the balance sheet are recognized in profit or loss as financial income and expenses, with the exception of impairment of accounts receivable and contract assets, which are classified as other operating expenses.

Set-off
A financial asset and financial liability are offset and recognized at a net amount in the balance sheet only when there is a legal right of set-off these amounts and there is an intention to settle the items with a net amount or simultaneously realize the asset and settle the liability.

Impairment of financial assets
Impairment calculations are based on forward-looking information to report expected credit losses. The impairment rules in IFRS 9 cover all financial assets that are valued at amortized cost and fair value via other comprehensive income.

When measuring expected credit losses, previous events, current circumstances and reasonable and substantiated forecasts that influence the expected likelihood of receiving future cash flows from the asset are considered.

When applying a forward-looking view, a distinction is drawn between:

- financial instruments whose credit quality has not materially deteriorated since initial recognition or have low credit risk (Step 1) and
- financial instruments whose credit quality has deteriorated materially since initial recognition or whose credit risk is not low (Step 2).

Step 3 is for financial assets where, on the reporting date, the company has objective evidence of impairment (that a credit loss event has occurred). For the first category, 12 months of expected credit losses are reported, while for the second category, expected credit losses for the remaining term are reported. Measurement of expected credit losses is based on a probability-weighted amount of estimated credit losses over the expected life of the assets.

Accounts receivable and other receivables
The Group applies a simplified methodology for recognizing accounts receivable, contract assets and lease receivables and recognizes expected credit losses over remaining terms. In its measurement, the Group uses historical experience, external indications and forward-looking information to measure expected credit losses using a provision matrix. The Group judges impairment of accounts receivable collectively, where receivables are grouped on the basis of a number of overdue days, because they have shared credit characteristics. In 2025, the company reported no accounts receivable.

Cash and cash equivalents
Cash and cash equivalents in the statement of cash flows include cash and bank balances.

Earnings per share
The measurement of earnings per share before dilution is based on the Group's profit or loss for the year attributable to equity holders of the parent and the weighted average number of shares outstanding in the year. When measuring earnings per share after dilution, earnings and the average number of shares are revalued to consider the effect of potential ordinary shares that are sourced from warrants issued to employees during the reporting period. The dilution from the warrants is based on a calculation of how many shares could hypothetically have been purchased during the period at the exercise price and the value of the remaining services in accordance with IFRS 2 Share-based Payment. Those shares that could not be acquired result in dilution. That number of warrants, and thus shares, that would have been vested if that degree of satisfaction of the vesting conditions applicable at the end of the current reporting period also applied at the end of the vesting period are also included. Potential ordinary shares are considered as diluting only during periods when it leads to a lower gain or greater loss per share.

Note 1 Accounting policies – cont.

Earnings per share before dilution
Earnings per share before dilution is calculated by dividing:
- earnings attributable to Parent Company shareholders by
- the weighted average number of outstanding ordinary shares in the period, adjusted for the bonus issue component of ordinary shares issued in the year, and excluding repurchased shares held in treasury by the Parent Company.

Earnings per share after dilution
For calculating earnings per share after dilution, earnings and the average number of shares are adjusted to take into account the effects of potential ordinary shares, which during reported periods derive from warrants issued to employees and the Chairman of the Board. The dilution from the warrants is based on a calculation of how many shares could hypothetically have been purchased during the period at the exercise price and the value of the remaining services in accordance with IFRS 2 Share-based Payment. Those shares that could not be acquired result in dilution. That number of warrants, and thus shares, that would have been vested if that degree of satisfaction of the vesting conditions applicable at the end of the current reporting period also applied at the end of the vesting period are also included. Potential ordinary shares are considered as diluting only during periods when it leads to a lower gain or greater loss per share.

Provisions
A provision is recognized when there is uncertainty about the payment date or the amount to settle a future obligation of the Group. A provision is recognized in the balance sheet when there is an existing legal or informal obligation resulting from an event that has occurred, it is likely that an outflow of economic resources will be necessary to fulfill this obligation, and the amount can be measured reliably. Provisions are recognized at an amount that is the best estimate of what is necessary to settle the existing obligation on the reporting date. When the effect of the timing of payment is material, provisions are estimated by discounting the expected future cash outflows.

Contingent liabilities
A disclosure on contingent liabilities is presented when there is a potential obligation resulting from events that have occurred, and this occurrence is confirmed only by one or several uncertain future events, or when there is an undertaking that is not recognized as a liability or provision because it is not likely that an outflow of resources will be required.

Equity
Equity consists of the following items:
- Share capital that represents the nominal amount (quota value) of issued and registered shares.
- Additional paid in capital includes premiums received on the new issue of share capital and shareholders' contributions from the owners. Any transaction expenses associated with the new share issue are deducted from additional paid in capital.
- Statutory reserve originates from when the Swedish Companies Act stipulated provisions to a statutory reserve. In the consolidated accounts, the statutory reserve is disclosed in the Reserves item.
- Retained earnings and losses relate to all earnings/losses brought forward for current and previous periods, and purchases of treasury shares.

Parent Company accounting policies
The Parent Company's annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 "Accounting for Legal Entities." RFR 2 stipulates that in its annual report for the legal entity, the Parent Company should apply all IFRS Accounting Standards and statements as endorsed by the EU as far as possible within the auspices of the Swedish Annual Accounts Act and considering the relationship between accounting and taxation.

The Parent Company's annual report is presented in the company's presentation currency, the Swedish krona.

Revised accounting policies
The Parent Company's accounting policies for 2025 are unchanged compared to those applied in the Annual Report for 2024.

Differences between the Parent Company and Group accounting policies
The Parent Company's accounting and valuation policies are consistent with the Group's equivalent policies with the exception of items stated below.

Format
The income statement and balance sheet comply with the Swedish Annual Accounts Act in the Parent Company. The statement of income and other comprehensive income, the statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Group's statements applying to the Parent Company's income statement and balance sheet primarily relate to the presentation of equity.

Participations in subsidiaries
Participations in subsidiaries are recognized at cost after deducting for any impairment. Cost includes acquisition related expenses and any contingent considerations. When there is an indication that participations in subsidiaries are impaired, their recoverable amount is measured. If this is lower than the carrying amount, they are impaired. Impairment is recognized in the "Profit/loss from participations in group companies" item.

Leases
The Parent Company does not apply IFRS 16 Leases pursuant to the exemption in RFR 2. As lessee, lease payments are recognized as an expense on a straight-line basis over the lease term, and accordingly, right-of-use assets and lease liabilities are not recognized in the balance sheet.

Financial instruments
The Parent Company has elected not to apply IFRS 9 for its financial instruments. However, parts of the policies of IFRS 9 remain applicable to impairment, recognition/derecognition and the effective interest method for interest income and interest expenses.

Within the Parent Company, financial non-current assets are measured at cost less any impairment and financial current assets are measured at the lower of cost or market value.
For financial assets recognized at amortized cost, the impairment regulations of IFRS 9 are applied in the same manner as in the consolidated accounts.

Equity
The Parent Company has a fund for development expenditure which is increased each year by the amount of the company's own development work capitalized. The fund is reduced annually by amortization of capitalized development work.

Shareholders' contributions
Shareholders' contributions made to subsidiaries without issued shares or other equity instruments being received in exchange are recognized in the balance sheet as an increase in the carrying amount of the shares.

Shareholders' contributions received from owners without issued shares or other equity instruments being provided in exchange are recognized directly in equity.

Shareholders' contributions repaid to owners are recognized as a dividend paid (value transfer) in the balance sheet. Repaid shareholders' contributions from subsidiaries are recognized as a dividend received in financial income, concurrent with an impairment test of the carrying amount of shares in subsidiaries being conducted.

The above policies apply equally to conditional and unconditional shareholders' contributions.

Note 2 Judgments and estimates

Preparing the financial statements in accordance with IFRS requires management to make judgments and estimates, and to make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, revenues and expenses. Actual outcomes may differ from these estimates.

The estimates and assumptions are evaluated regularly. Changes to estimates are recognized in the period that the change is made.

The source of uncertainty in estimations that entail a significant risk for the need to significantly adjust the value of assets or liabilities during the coming financial year is the carrying amount of "Capitalized development expenditure". Determining whether the requirements for capitalization of development expenditure have been met requires both initial and routine assessments. The capitalized expenditures are regularly tested as to whether they could be exposed to a decrease in value. The company holds capitalized intangible assets that have not yet been completed and are impairment tested either yearly or as soon as there is an indication of a potential decrease in value. Impairment tests involve estimates of future cash flows attributable to the asset or the cash-generating unit to which the asset relates when it is complete. These estimates and judgments involve expectations primarily regarding the selling price of products, market penetration, remaining development, sales and marketing expenses, discount rate, and the likelihood that the product passes through the remaining development phases. These assumptions involve sector and market-specific data, are made by management, then reviewed by the Board of Directors. For more information on the impairment testing of intangible assets with indefinite useful lives, see Note 10.

Another source of uncertainty is the judgment of the extent to which deferred tax assets can be recognized based on a judgment of the likelihood of the Group's future taxable revenues that the deferred tax assets can be applied against. Additionally, significant consideration of judgments of the effect of certain legal and financial limitations, or uncertainty in differing jurisdictions is also necessary.

Note 3 Expenses classified by type

Operating profit/loss, expenses classified by type

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
Other external expenses	-139,671	-248,782	-146,552	-255,644
Personnel expenses	-45,790	-40,913	-45,790	-40,913
Depreciation and amortization	-5,578	-8,547	-2,591	-5,476
Write-down/disposal	-	-22,757	-	-19,701
Other operating expenses	-1,489	-5,901	-1,489	-5,934
Operating loss	**-192,528**	**-326,900**	**-196,422**	**-327,668**

This note also includes this year's capitalized costs of SEK 33,265 thousand (42,146), which means that certain expenses have been capitalized and reported as assets instead of ongoing expenses.

Note 4 Other operating income

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
Exchange rate gains	3,713	2,096	3,713	2,096
Royalty income	2,466	-	2,466	-
Other remuneration	253	-	253	-
Summa	**6,432**	**2,096**	**6,432**	**2,096**

Other operating income amounted to SEK 6,432 thousand (2,096) and mainly relates to foreign exchange gains attributable to foreign payments and the remeasurement of foreign currency accounts, as well as royalty income from licence agreement.

During 2025, Xspray Pharma entered into a licence agreement with Handa Therapeutics, granting Handa a non-exclusive licence to certain of Xspray's patents for the commercialisation of a dasatinib product in the United States and, at a later stage, in selected Asian markets. Royalties are based on Handa's net sales and are settled through quarterly payments to Xspray Pharma. Royalty income is recognised as revenue when the underlying sales occur, regardless of when payment is received. As licensing does not form part of the Company's primary operations, royalty income is recognised under Other operating income.

Note 5 Other operating expenses

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
Exchange rate losses	-1,489	-5,886	-1,489	-5,919
Loss from divestment of machinery and equipment	-	-15	-	-15
Total	**-1,489**	**-5,901**	**-1,489**	**-5,934**

Other operating expenses consist of exchange rate losses that arise in connection to foreign payments and re-calculations of currency accounts. Loss from divestment of machinery and equipment is included. Other operating expenses amounted to SEK –1,489 thousand (–5,901) in 2025.

Note 6 Remuneration to auditors

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
KPMG AB				
Auditing	757	690	757	690
Audit-related activities in addition to audit assignment	-	290	-	290
Other services	-	-	-	-
Total	**757**	**980**	**757**	**980**

Auditing
Auditing means the statutory audit of annual accounts and consolidated accounts, as well as accounting records and the Board of Directors' and CEO's administration, and auditing and other reviews conducted in accordance with agreement or contract. This includes the duties incumbent on the company's auditor, as well as consulting or other services resulting from observations from such review or performing other such duties.

Audit-related activities in addition to audit assignment
Audit-related activities in addition to audit assignment refers to audit of the prospectus and submitted certificates.

Note 7 Employees and personnel expenses

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
Average number of employees				
Women	12	11	12	11
Men	14	15	13	14
Total	**26**	**26**	**25**	**25**
Salaries and other benefits				
Salaries for the Board of Directors and CEO	5,547	5,267	5,547	5,267
Bonuses, etc. for the Board of Directors and CEO	410	191	410	191
Other employees	29,326	27,964	25,261	23,740
Total	**35,284**	**33,422**	**31,219**	**29,198**
Social security expenses				
Pension expenses for the Board of Directors and CEO	917	972	917	972
Pension expenses for other employees	4,477	4,149	4,477	4,149
Other statutory or contractual social security charges	8,346	7,035	8,165	6,930
Total	**13,740**	**12,156**	**13,559**	**12,051**
Total salaries, benefits, social security expenses and pension expenses	**49,024**	**45,578**	**44,777**	**41,249**

Remunerations to senior executives 2025, SEK thousand	**Basic salary/Directors' fee**	**Variable compensation**	**Other benefits**	**Pension costs**	**Other compensation**	**Total compensation**
Chairman of the Board Anders Ekblom	605	-	-	-	-	605
Board member Maris Hartmanis (Resigned on May 13, 2025)	180	-	-	-	-	180
Board member Carl-Johan Spak	320	-	-	-	-	320
Board member Torbjörn Koivisto (Resigned on May 13, 2025)	143	-	-	-	-	143
Board member Christine Lind	348	-	-	-	-	348
Board member Anders Bladh	300	-	-	-	-	300
Board member Robert Molander	283	-	-	-	-	283
Board member Anne Prener (Appointed on May 13, 2025)	168	-	-	-	-	168
Board member Markus Haeberlein (Appointed on May 13, 2025)	140	-	-	-	-	140
CEO Per Andersson	3,062	410	112	917	-	4,502
Other senior executives (4)	7,715[2]	1,189[2]	152	866	1,472[1]	11,394
Summa	**13,262**	**1,599**	**264**	**1,783**	**1,472**	**18,381**

[1] Other compensation for other senior executives pertains to consulting fees from one senior executive.

[2] Also includes Ed Jordan, former Chief Commercial Officer of the U.S. subsidiary Xspray Pharma Inc., employed up to and including December 31, 2025. No impact on pension costs.

Note 7 Employees and personnel expenses – cont.

Remunerations to senior executives 2024, SEK thousand	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total compensation
Chairman of the Board Anders Ekblom	550	-	-	-	-	550
Board member Maris Hartmanis	348	-	-	-	-	348
Board member Carl-Johan Spak	293	-	-	-	-	293
Board member Torbjörn Koivisto	273	-	-	-	-	273
Board member Christine Lind	293	-	-	-	-	293
Board member Anders Bladh	273	-	-	-	-	273
Board member Robert Molander	238	-	-	-	-	238
CEO Per Andersson	3,002	191	111	972	-	4,277
Other senior executives (6)	6,336	274	135	1,633	808[1]	9,186
Total	**11,602**	**465**	**246**	**2,605**	**808**	**15,727**

[1]Other compensation for other senior executives pertains to consulting fees from one senior executive.

There are no pension obligations to the Board of Directors. The company's CEO has been allocated a pension solution via Skandia in the form of an occupational pension policy.

Incentive programs
The Company has, as of December 31, 2025, three series of warrants outstanding under incentive programmes granted to employees and certain key personnel, with the aim of creating a stronger alignment between the interests of employees and shareholders. An additional incentive programme was approved at the Annual General Meeting on May 13, 2025 but has not yet been allocated to employees.

Warrant and employee stock option program LTIP 2022/2025 *(Completed)*
The program was decided by an Extraordinary General Meeting on May 19, 2022. The program included 140,625 warrants and 281,250 employee stock options that could be exercised from June 15, 2025, until July 15, 2025, with a subscription price of SEK 132.20 per share. The program was pegged to the company's growth in value for the purpose of creating a stronger link between employee and shareholder interests. The warrants were issued on market terms and no subsidy was used. During the year, 0 (6,288) warrants and 0 (25,154) employee stock option were redeemed owing to terminations of employment. There is a maximum dilution effect of 0.98 percent on the current number of shares. None of the outstanding options were exercised and, accordingly, all such options were forfeited during 2025.

Warrant program 2021/2026
The warrant program (Chairman LTIP 2021/2026) included the company's new Chairman of the Board. The value per warrant was calculated to be SEK 16.38 and the subscription price per share to be SEK 129.00. The program runs for five years and encompasses 13,214 warrants. The warrants can be exercised in the period May 25, 2026, to June 15, 2026. If the warrant holder's assignment ends during the program's term, the warrants will be redeemed proportionately based on the term remaining in relation to the program's original term. No subsidy was paid.

Warrant and employee stock option program LTIP 2023/2026
The program was resolved on at the Annual General Meeting on May 16, 2023. The program includes 94,576 warrants and 189,152 employee stock options that can be exercised from June 15, 2026, until July 15, 2026, with a subscription price of SEK 90.00 per share. The value per warrant was estimated to be SEK 5.52. The program is pegged to the company's growth in value for the purpose of creating a stronger link between employee and shareholder interests. The warrants were issued on market terms and no subsidy was used. During the year, 2,716 (5,118) warrants and 10,272 (10 236) employee stock options were redeemed owing to terminations of employment. There is a maximum dilution effect of 0.61 (0.72) percent on the current number of shares.

Warrant and employee stock option program LTIP 2024/2027
The program was decided at the ordinary Annual General Meeting on May 21, 2024. The program encompasses 125,369 warrants and 250,738 employee stock options that can be exercised from May 24, 2027 until June 11, 2027 with a subscription price of SEK 117.5 per share. The value per warrant was estimated to be SEK 9.46. The program is pegged to the company's growth in value for the purpose of creating a stronger link between employee and shareholder interests. The warrants were issued on market terms and no subsidy was used. During the year, 1,620 warrants and 3,804 employee stock options were redeemed owing to terminations of employment. There is a maximum dilution effect of 0.89 (1.01) percent on the current number of shares.

Warrant and employee stock option program LTIP *2025/2028*
The program was decided by the Annual General Meeting on May 13, 2025 and comprises a total of 154,744 subscription warrants and 309,488 employee stock options. The programme has not yet been implemented, as the implementation has been postponed. The options may be exercised during the period from May 22, 2028 up to and including June 14, 2028. Each subscription warrant entitles the holder to subscribe for one new share at a subscription price corresponding to 200 percent of the volume-weighted average price during the five trading days preceding the offer to subscribe for the options. The programme is designed to create a clearer alignment between the Company's value growth and the interests of employees, and the options were issued on market terms with no subsidy granted. The maximum dilution amounts to approximately 1.11 percent of the current number of shares.

Note 7 Employees and personnel expenses – cont.

Parent company and Group

No. of warrants per incentive program, 2025	2022/2025	2021/2026	2023/2026	2024/2027	2025/2028
Outstanding at beginning of period, Jan. 1, 2025	365,119	13,214	268,374	376,107	-
Granted in the period	-	-	-	-	464,232
Forfeited in the period	-365,119	-	-	-	-
Exercised in the period	-	-	-	-	-
Redeemed in the period	-	-	-12,988	-5,424	-
Outstanding at end of period	0	13,214	255,386	370,683	464,232
Exercisable at end of period, Dec. 31, 2025	**0**	**13,214**	**255,386**	**370,683**	**464,232**

No. of warrants per incentive program, 2024	2021/2024	2021/2026	2022/2025	2023/2026	2024/2027
Outstanding at beginning of period, Jan. 1, 2024	189,340	13,214	396,561	283,728	-
Granted in the period	-	-	-	-	376,107
Forfeited in the period	-185,228	-	-	-	-
Exercised in the period	-	-	-	-	-
Redeemed in the period	-4,112	-	-31,442	-15,354	-
Outstanding at end of period	0	13,214	365,119	268,374	376,107
Exercisable at end of period, Dec. 31, 2024	**0**	**13,214**	**365,119**	**268,374**	**376,107**

Fair value and assumptions at the time of granting warrants

	Incentive programs				
Fair value at grant date	**2022/2025**	**2021/2026**	**2023/2026**	**2024/2027**	**2025/2028**
Share price (SEK)	59.66	88.95	77.50	64.10	-
Volume weighted share price at the exercise price (SEK)	60.1	85.97	44.99	58.77	-
Exercise price (SEK)	132.2	129	90.00	117.5	-
Expected volatility (%)	45	35	45	45	45
Warrant term (years)	3.15	5.1	3.16	3.05	3.1
Expected dividend	0	0	0	0	0
Risk-free interest rate (%)	1.41	-0.04	2.68	2.70	-

Outstanding warrants as of December 31, 2024 have a subscription price ranging from SEK 90.00 (90.00) to 132.2 (132.2) and a weighted average remaining contracted term of 3.6 (3.6) years. The fair value of warrants has been estimated using the Black & Scholes model.

The input data stated in the above table is for valuation at the grant date. The expected volatility is based on historical volatility based on a weighted average maturity of warrants adjusted for any expected change in future volatility resulting from officially available information. The expected term of the warrant has been determined considering expected subscription prior to the end of each program's subscription period, and has been assumed at 3-5 years. The expected maturity has been completed by using historical data on how early individuals in different staff categories have exercised their warrants.

The following executives held shares in the company at the end of the year:

Anders Ekblom	6,050 shares
Per Andersson	199,560 shares
Christine Lind	8,104 shares
Carl-Johan Spak	0 shares
Anders Bladh (private & via Ribbskottet)	5,061,842 shares
Robert Molander	10,000 shares
Anne Prener	0 shares
Markus Haeberlein	0 shares
Other senior executives*	7,921 shares

*Senior executives are described on page 40.

Note 7 Employees and personnel expenses – cont.

The number of warrants granted to senior executives of the company at the end of year:

Anders Ekblom	13,214 warrants
Per Andersson	89,579 warrants & 179,158 employee stock options
Other senior executives	15,289 warrants & 30,578 employee stock options

Agreements on severance pay and notice periods
The notice period for termination initiated by the CEO is six months. For termination initiated by the company, the CEO's notice period is nine months. If the CEO is discharged during the notice period, the CEO is not entitled to variable compensation, otherwise normal compensation is payable during the notice period.

At present, there are no agreements on severance pay for other senior executives.

Gender division on the Board of Directors and senior executives	2025	2024
Share of women on the Board of Directors	29%	14%
Share of men on the Board of Directors	71%	86%
Share of women in other senior executives	25%	43%
Share of men in other senior executives	75%	57%

Note 8 Financial income & expenses

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
External interest income	2,215	3,297	2,211	2,483
Total	**2,215**	**3,297**	**2,211**	**2,483**

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
External interest income	-16,851	-1,929	-16,851	-1,929
Total	**-16,851**	**-1,929**	**-16,851**	**-1,929**

Note 9 Tax

	Group		Parent Company	
SEK thousand	**2025**	**2024**	**2025**	**2024**
Current tax	–	–	–	–
Total reported tax	**–**	**–**	**–**	**–**
Reconciliation of effective tax				
Reported profit/loss before tax	-171,546	-285,674	-174,611	-286,719
Tax at applicable rate 20.6%	35,338	58,849	35,970	59,064
Tax effect of deductible costs that are not included in the reported profit/loss	-	-32	-	-32
Tax effect of non-deductible expenses	-20	-1	-20	-1
Tax effect of non-taxable revenues	2	-	2	-
Other	735	366	0	-
Increase in loss carry-forwards without the corresponding capitalization of deferred tax	35,952	-59,031	35,952	-59,031
Reported effective tax	**104**	**151**	**-**	**-**

Note 9 Tax – cont.

The company has tax items in respect of issue expenses reported directly against equity. Accumulated loss carry-forwards as of December 31, 2025 amounted to SEK 964,790 thousand (656,707), thus the tax loss for the current year amounted to SEK 174,526 thousand (286,564). Deferred tax assets have not been reported for these items as the company most likely will continue to make losses next year. Furthermore, significant parts of the loss carry-forwards may be lost owing to the special limitation and blocking rules that apply when there are changes in ownership, for example, in connection with new share issues. The size of the remaining loss carry-forward is analyzed every year and the likelihood of their ability to be used against future gains is assessed.

Note 10 Capitalized development expenditure

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Acquisition costs brought forward	478,926	436,780	473,481	435,182
Purchases	33,265	42,146	30,019	38,299
Closing accumulated acquisition cost	**512,190**	**478,926**	**503,500**	**473,481**
Closing residual value according to plan	**512,190**	**478,926**	**503,500**	**473,481**

In 2025, interest payments of SEK 1,459 thousand (2,765) were capitalized as development expenditure. The interest relates to the Group's leasing debt. The average interest rate during the period amounted to 5 percent (5).

No disposals occurred in 2025.

Critical estimates and judgments

Several critical estimates and judgments are made when Xspray Pharma conducts impairment tests of the Group's and Parent Company's capitalized development expenditure.

Primarily, the most critical assumptions are assumptions concerning the size of the market, market share and pricing levels. The company remains in the development phase, and judgments cannot be backed by financial history, which presents difficulties in assessing the reasonableness of forecasts. However, the company can refer to relevant products on the market at present. The company has conducted sensitivity analyses based on narrower margins, delays in time in terms of estimated sales, and the scale of estimated sales, and none of these analyses offer indications that impairment is necessary. The weighted average cost of capital after tax could also double without any need for impairment.

The impairment test is based on sales revenue forecasts derived from current sales statistics, since no sales have been reported. Furthermore, cost of goods sold has been calculated based on cost estimates from suppliers, partners and personnel costs. Other external costs and personnel expenses for the projects have been considered and included in the impairment test. The company has applied a discount rate of 11.5% in the impairment test. Furthermore, consideration has also been made for amortization of the intangible asset.

Capitalized development expenditure will begin to be amortized only when the respective products are launched in the market.

Note 11 Machinery and installations

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Acquisition costs brought forward	47,970	47,985	47,970	47,985
Purchases	-	-	-	-
Sales/disposals	-	-15	-	-15
Closing accumulated acquisition cost	**47,970**	**47,970**	**47,970**	**47,970**
Depreciation brought forward	-44,406	-39,405	-44,406	-39,405
Depreciation for the year	-2,131	-5,016	-2,131	-5,016
Disposals	-	15	-	15
Accumulated depreciation carried forward	**-46,536**	**-44,406**	**-46,536**	**-44,406**
Closing residual value according to plan	**1,434**	**3,564**	**1,434**	**3,564**

Depreciation of machinery and installations amounting to SEK 2,131 thousand (5,016) is reported in the income statement under Research and development expenses.

Note 12 Leases

The Group has leases for premises and cars. Leases for the period from December 2023 up through October 2030 were signed in 2022.
Extension options are included in the agreement related to the premises. When determining the length of the lease, management considers all available information that provides a financial incentive to exercise an extension option. The possibility of extending an agreement is only included in the duration of the lease if it is considered reasonably certain that the agreement will be extended. Possible future cash flows of SEK 17,993 thousand have not been included in the lease liability, as it is not certain that the agreements will be extended or terminated.

The Group also has a small number of leases for cars with lease periods of three years.

Right-of-use asset, SEK thousand	**Real estate used in business operations**	**Vehicles**	**Total**
Closing balance, December 31, 2025	37,099	1,115	**38,214**
Depreciation during the year	-10,911	-705	**-11,616**

Additional right-of-use assets in 2025 amounted to SEK 0 thousand (564). This amount includes the cost of right-of-use assets relating to vehicles newly acquired in the year.

Lease liabilities, SEK thousand	**2025**	**2024**
Short-term lease liabilities	5,358	5,113
Long-term lease liabilities	21,718	27,108
Total lease liabilities	**27 076**	**32 220**

Note 12 Leases – cont.

Amounts recognized in profit or loss, SEK thousand	2025	2024
Depreciation of right-of-use assets	2,988	3,071
Interest on lease liabilities (capitalized and included in intangible assets)	-	-
Variable lease payments not included in measurement of lease liability	1,811	1,830
Expense for short-term leases	-	-
Expense for leases of low value, not short-term leases of low value	16	19

Future lease payments:	Group		Parent Company	
SEK thousand	2025	2024	2025	2024
Within one year	6,529	6,563	6,529	6,563
Between one year and five years	23,648	25,046	23,648	25,046
After more than five years	-	5,131	-	5,131

The Group's future lease payments for 2025 are disclosures pursuant to IFRS 16 including expected usage of extension options. Future lease payments from one year and further on include the new lease.

	Moderbolaget	
Expensed payments for operating leases, SEK thousand	2025	2024
Minimum payments	18,730	24,036
Variable payments	1,811	1,830

Total lease expenses Amounts recognized in the statement of cash flows, SEK thousand	2025	2024
Total cash outflows attributable to leases	6,563	6,560

The above cash outflow includes amounts for leases recognized as lease liabilities, and amounts paid for variable lease payments, short-term leases and leases of low value.

Note 13 Equipment

	Group		Parent Company	
SEK thousand	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Acquisition costs brought forward	3,531	4,130	3,531	4,130
Purchases	-	508	-	508
Sales/disposals	-	-1,107	-	-1,107
Closing accumulated acquisition cost	**3,531**	**3,531**	**3,531**	**3,531**
Depreciation brought forward	-1,505	-2,075	-1,505	-2,075
Depreciation for the year	-460	-666	-460	-666
Sales/disposals	-	1,236	-	1,236
Accumulated depreciation carried forward	**1,566**	**-1,505**	**1,566**	**-1,,505**
Closing residual value according to plan	**1,566**	**2,026**	**1,566**	**2,026**

Depreciation on equipment is reported in the income statement under Administration and sales expenses at SEK 454 thousand (442), as well as Research and development expenses at SEK 6 thousand (18).

Note 14 Fixed assets under construction and prepayments

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Acquisition costs brought forward	41,389	59,365	41,389	57,156
Investments in the year	-	-	-	3,934
Prepayments in the year	-	4,780	-	-
Impairment	-	-22,756	-	-19,701
Closing carrying amount	**41,389**	**41,389**	**41,389**	**41,389**

Note 15 Shares in subsidiaries

Parent Company, SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**
Acquisition costs brought forward	2,238	2,238
Investments	1,267	-
Closing accumulated acquisition cost	**3,505**	**2,238**
Closing carrying amount	**3,505**	**2,238**

Namn	**Share of equity (%)**	**Share of votes (%)**	**No. of shares**	**Book value (SEK thousand)**
Xspray Pharma Futurum AB	100	100	50,000	50
Xspray Pharma Inc	100	100	1,000	3,455

Namn	**Corp ID no.**	**Reg. office**	**Equity (SEK thousand)**	**Profit/Loss for the year (SEK thousand)**
Xspray Pharma Futurum AB	559178-7642	Stockholm	50	-
Xspray Pharma Inc	93-13127793	Delaware	-	302

Note 16 Financial instruments

The company's financial instrument are recognized at either amortized cost or fair value depending on how the instrument is classified according to IFRS 9. The items that have been measured at fair value are financial investment in shares of SEK 1 thousand, which is included in the financial assets at fair value through profit or loss measurement category. For non-interest-bearing asset and liability items such as current receivables, cash and cash equivalents and other current liabilities, trade accounts payable with a residual life of less than six months, the reported value is considered to be a reasonable approximation of fair value.

Group SEK thousand	Dec 31, 2025	Dec 31, 2024
Financial assets in the balance sheet		
Financial investments	1	1
Current receivables	3,842	4,018
Accrued income	-	-
Cash and cash equivalents	153,745	208,236
Total	**157,588**	**212,256**
Financial liabilities in the balance sheet		
Current interest-bearing liabilities	-	96,000
Non-current interest-bearing liabilities	121,316	-
Trade accounts payable	3,323	17,083
Other current liabilities	1,132	9,312
Accrued expenses	11,850	18,632
Total	**137,621**	**141,027**

The carrying amounts of financial assets and liabilities that are measured at the amortized cost above are reasonable approximations of fair value. For lease liabilities in the consolidated accounts, see Note 12.

Financial risks and asset management procedures
Through its operations, the company is exposed to various financial risks such as market risk (currency risk in cash flow), credit risk and liquidity risk. The Board of Directors has adopted a finance policy for managing financial risks within the Group. The Board is responsible for the Group's long-term financing strategy and for any raising of capital. The CFO is responsible for managing financial risks in its day-to-day operations.

Currency risk
The company collaborates with international counterparties and there is some exposure to fluctuations of different currencies, mainly USD, EUR and GBP. The currency risk and the company's way of working to minimize the risk are managed in the company's treasury policy. Exposure to currency risk arises in tandem with foreign currency payments and receipts, and in the translation of foreign currency receivables and liabilities. A weakening of the Swedish krona against these currencies will lead to increased costs for the Group, all else being equal.

The company has actively chosen not to hedge any currencies since the company's business means that there is currently a limited net exposure to foreign currencies. A change in the average exchange rate for USD, EUR and GBP by +/–10 percent, with all other variables being constant, would have an impact on the Group's profit before tax of SEK +/–8,338 thousand, SEK +/–3,797 thousand and SEK +/–39 thousand, respectively. However, since foreign currency expenditures are mainly capitalized in machinery and capitalized development expenditure, currency risks are only exposed for the time between delivery and payment.
The profit/loss for the year for the Group and Parent Company includes exchange rate differences in operating profit/loss.

Credit and interest rate risk
Credit is the risk of a counterparty of a financial transaction not fulfilling its obligations on the due date. Credit risk mainly relates to balances with reputable banks with credit ratings of A or higher, based on the credit rating from Standard & Poor's. These balances are available on demand. Considering their short maturity and banks' high credit ratings, the credit risk is considered low, and expected credit losses negligible.

To reduce financial credit risk and to have a high level of readiness for investments, liquidity is invested in bank accounts or interest-bearing securities with low interest rate risk, low credit risk and high liquidity. The company has placed the cash and cash equivalents in a bank account or deposit account in Nordic banks where interest income can be obtained.

Liquidity risk/financing risk and going concern
As of December 31, 2025, the Group had available liquidity of SEK 153,745 thousand (208,236). Liquidity consists of bank balances. From a capital structure perspective, current investments and financial investments are also included in net debt even though they are not classified as cash and cash equivalents. At year-end, there was one external borrowing in the Group.

The objective regarding the capital structure is to maintain the Group's ability to continue its operations in order to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital. There is a risk that the Group's cash and cash equivalents for the next twelve months will be insufficient. The company's capital requirement depends on several factors including market uptake of its initial product candidates, Dasynoc® and XS003 nilotinib, as well as the earnings from and costs for ongoing and future drug trials. Furthermore, the company has taken out a loan of 125 million SEK, which matures in February 2027, constituting an additional factor to consider when assessing the capital requirements. In light of this, the Board is monitoring the situation and is evaluating different financing options including timing and scope for raising capital that can be beneficial to the company. The Board believes that the prospects for raising capital are good. However, if financing is insufficient, this indicates material uncertainty, which could lead to significant doubts on the Group's ability to continue its operations. In accordance with the policy by the Board of Directors, the Group must maintain a strong financial position, which will help the company retain investor and market confidence. It also creates a foundation for further development of company operations, with continued long-term support for its goal of securing dividends for the company's owners. Until the company has achieved long-term, sustainable profitability, its policy is to maintain a low level of debt and a high level of equity.

Capital structure
The Group's objective regarding the capital structure is to maintain the Group's ability to continue its operations in order to continue generating returns for shareholders and benefits for other stakeholders, as well as maintain an optimal capital structure to minimize the cost of capital.

The objective regarding the capital structure is for operations to be financed primarily with equity. To strengthen liquidity and support the company's growth, during the year the Group chose to raise external loans as a supplement to equity for the purpose of strengthening liquidity and facilitating growth without immediate dilution for existing shareholders. Debt financing is regarded as a strategically motivated solution to facilitate investments and drive the operation forward.

Note 17 Other long-term receivables

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Provided depositions	3,271	3,167	2,999	2,999
Total	**3,271**	**3,167**	**2,999**	**2,999**

A deposition of SEK 2,999 thousand was paid to the landlord. The company gained access to the premises on December 1, 2023.

Note 18 Inventory

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Inventory of tradeable goods	1,826	2,630	1,826	2,630
Products in work	20,470	17,705	20,470	17,705
Total	**22,296**	**20,335**	**22,296**	**20,335**

Inventories relate to the company's manufacturing of medical products.

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Prepaid rent	1,753	936	1,753	1,737
Other prepaid expenses	1,259	1,540	2,101	1,540
Total	**3,012**	**2,476**	**3,854**	**3,277**

Note 20 Cash and cash equivalents

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Bank balances	153,745	208,236	151,159	206,682
Total	**153,745**	**208,236**	**151,159**	**206,682**

Cash and cash equivalents in the balance sheet and cash flow statement consist of cash and bank balances only. All outstanding bank balances are wholly invested with banks with high credit ratings from leading credit institutions. See Note 16 for more detail on credit risk.

Note 21 Equity

Number of shares	2025	2024
Number/value at end of year	37,138,491	31,253,542
New share issue	4,603,849	5,884,949
Number at the end of year	**41,742,340**	**37,138,491**

The share has been trading on Nasdaq Stockholm main market under the symbol XSPRAY since March 27, 2020. As of December 31, 2025, the company had 41,742,340 shares (37,138,491) and the closing price for the period was SEK 31.45. All shares are ordinary shares and have equal rights to Xspray Pharma's profit, and each share entitles to one vote at the Annual General Meeting. The shares have a quota value of SEK 1 per share.

Note 22 Accrued expenses and deferred income

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Accrued bonus incl. soc. security fee	2,717	1,232	2,717	1,232
Accrued research and development expenses	-	7,915	-	7,915
Accrued vacation pay incl. soc. security fee	3,963	4,241	3,963	4,241
Accrued special payroll tax	2,621	2,492	2,621	2,492
Accrued consulting fee	-	1,402	-	1,402
Accrued Board fees	856	711	856	711
Other accrued expenses	1,694	639	1,685	639
Total	**11,850**	**18,632**	**11,841**	**18,632**

Note 23 Borrowings from credit institute

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Non-current interest-bearing liabilities	120,000	-	120,000	-
Accrued loan fees	1,316	-	1,316	-
Total	**121,316**	**-**	**121,316**	**-**

Lender	Loan amount	Interest rate	Maturity	Loan fee
Fenja Capital	kSEK 120,000	STIBOR 3M + 8%	Feb 15, 2027	kSEK 5,000

The total loan amounts to SEK 125,000 thousand and matures on February 15, 2027. The Company may, however, repay the loan at any time. The loan bears interest at STIBOR 3M (with a floor of 3 per cent) plus an interest margin of 8 per cent. Interest on the loan is payable on the last banking day of each quarter. In connection with the raising of the loan, an arrangement fee of SEK 5 million was paid, which is included in the calculation of the effective interest rate. If the Company carries out a directed share issue during the term of the loan, the lender is entitled to participate through set-off against the outstanding loan amount. A change in STIBOR 3M of +/-1 percent would, with all other variables held constant, affect the Group's interest expense by approximately +/-SEK 1,250 thousand, which is not considered to have a material impact on the Company's financial position. In connection with the raising of the loan, the Company also issued 1,047,495 warrants free of charge to the lender. The financing is intended to refinance a previous short-term loan and to support the Company's continued development and commercialisation preparations. No collateral has been pledged for the loan.

Note 24 Pledged assets

There are no pledged assets or liabilities for which collateral has been pledged.

Note 25 Contingent liabilities

There are no contingent liabilities, or contingent liabilities on behalf of another legal entity.

Note 26 Transactions with related parties

The management of the Parent Company, the Boards of Directors of the parent company and subsidiary are defined as related parties. The subsidiary is fully dormant, and there have been no intra-Group transactions, so no further disclosure will be made on this subject. The following transactions with related parties occurred during the financial year and comparative year.

During 2025, the Company purchased services from senior executive Mikael von Euler through the company M von Euler Consulting AB. The total remuneration for the period amounted to SEK 1,472 thousand. Mikael von Euler has been a member of Xspray's executive management team since November 2025. During 2025, the Group purchased advisory services from Flerie Invest AB, which is the Company's largest shareholder. Related party costs amounted to SEK 22 thousand (0) during the year. The services were performed on market terms.

Other than the above, no transactions with related parties were carried out during 2025, apart from customary remuneration to the Board of Directors and senior executives. During the year, the Company did not grant any loans, provide guarantees or enter into other financial commitments in favour of related parties.

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Purchase of service from senior executives	1,472	1,015	1,472	1,015
Purchase of advisory services from owner	22	-	22	-
Total	**1,494**	**1,015**	**1,494**	**1,015**

Note 27 Definitions of key ratios

Earnings per share is computed as profit/loss for the period divided by the average number of shares in the period.

This key ratio is useful for readers of the financial reports as a complement to other key ratios for assessing Xspray Pharma's profit position.

Equity/assets ratio is equity in relation to total assets. This key ratio is useful for readers of the financial reports as a complement to other key ratios for assessing Xspray Pharma's capital position.

Research and development expenses as a percentage of operating expenses consists of research and development expenses divided by operating expenses, which include selling and administration expenses and other operating expenses.

This key ratio is useful for readers of the financial reports as a complement to other key ratios for assessing the degree of development of the company's product candidates.

Note 28 Significant events after the end of the financial year

- In February, Blake Leitch was appointed Chief Executive Officer, effective no later than June 1, 2026. He succeeds Per Andersson, who will continue in the role of Chief Scientific Officer.
- In February, Xspray Pharma announced that it had submitted its updated New Drug Application for Dasynoc® to the U.S. Food and Drug Administration (FDA). The application includes the additional information requested by the FDA.
- In February, Xspray Pharma announced that it had submitted In March, the FDA announced that it had accepted the resubmitted application for market approval of Dasynoc® for review and set the PDUFA date for August 25, 2026, which is the date on which the agency is expected to issue its decision on the application.
- In March, the company announced that the Board had decided to carry out a rights issue of shares of approximately SEK 83 million, with preferential rights for the company's existing owners. The rights issue can be increased by up to SEK 20 million through an over-allotment option.

No events causing restatements of the income statement and balance sheet have occurred between the reporting date and the date of approval of this report.

Note 29 Earnings per share

	Group		Parent Company	
SEK thousand	**Dec 31, 2025**	**Dec 31, 2024**	**Dec 31, 2025**	**Dec 31, 2024**
Earnings per share before dilution	-4.46	-8.62	-4.54	-8.65
Earnings per share after dilution	-4.46	-8.62	-4.54	-8.65

Amounts used in numerators are consistent with profit/loss for the year of SEK –171,443 thousand (–285,523) in the Group and SEK –174,611 thousand (–286,719) in the Parent Company. Amounts used in denominators are stated below.

The weighted average number of outstanding shares was 38,453,876 (34,756,745). The increase is attributable to the share issue completed in September. The number of shares outstanding at year-end was 41,742,340 (37,138,491).

Instruments that can have a dilution effect and changes after the reporting date

The weighted average number of shares after dilution and profit/loss after dilution are the same before and after dilution. Because the Group is reporting a loss for the current and previous financial years, potential ordinary shares cause no dilution of the average number of shares. There are incentive programs, which once the company reports a profit, will have a dilution effect. For more information on the terms and conditions of incentive programs, and the number of outstanding warrants, see Note 7. No change to the number of shares before and after dilution occurred after the reporting date.

Note 30 Appropriation of profit/loss

SEK thousand	**Dec 31, 2025**
The following funds are at the disposal of the Annual General Meeting:	
Share premium reserve	1,577,042
Loss brought forward	-1,351,770
Loss for the year	-174,611
Total	**50,660**
Appropriated as follows:	
Share premium reserve	1,577,042
Loss brought forward	-1,526,381
Carried forward	**50,660**

Signatories to the Annual Report

The Board of Directors and Chief Executive Officer certify that these annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden, and the consolidated accounts have been prepared in accordance with the international accounting standards as referred to in European Parliament and Regulation (EC) No 1606/2002 as of 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Report of the Board of Directors for the Parent Company and the Group gives a true and fair view of the progress of the Parent Company and the Group's operations, financial position and results of operations, and describes the significant risks and uncertainties faced by the Parent Company and Group companies.

As stated above, the annual accounts and consolidated accounts were approved for issue by the Board of Directors and Chief Executive Officer on March 26, 2026. The consolidated income statement and consolidated statement of comprehensive income, the balance sheet and other comprehensive income, and the Parent Company income statement and balance sheet will be subject for adoption at the Annual General Meeting on May 12, 2026.

Stockholm
Mar 26, 2026

Anders Ekblom
Chairman

Anders Bladh

Carl-Johan Spak

Christine Lind

Markus Haeberlein

Robert Molander

Anne Prener

Per Andersson
CEO

Our Audit Report was submitted on March 26, 2026

KPMG AB

Ola Larsmon
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Xspray Pharma AB, corp. id 556649-3671

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Xspray Pharma AB for the year 2025, except for the corporate governance statement on pages 32-41.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 32-41. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty as to going concern

We bring to your attention the information in the administration report page 48 and in note 16 (page 77) which states that there is a risk that the Group's cash and cash equivalents for the next 12 months could be insufficient. It also states in the administration report and note 16 that Board of Directors are monitoring the situation and evaluating different financing options including timing and scope for raising capital, however if sufficient financing is not arranged that there are material uncertainties that could lead to significant doubt on the Group's ability to continue its operations. We have not modified our opinions in regards to this.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Intangible assets

See disclosure 10 and accounting principles on page 75 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The consolidated carrying value at 31 December 2025 of capitalized development costs amounted to 512 MSEK. These intangible assets equal approximately 70% of the consolidated total assets and are subject to an impairment testing.

The impairment testing of these assets are dependent on management's estimates and judgments of future revenues, operating results, as well as required levels of working capital and investments. Another important assumption is the discount rate to be used in order to reflect the time value of money as well as the specfic risks associated with the operations.

Response in the audit

We have assessed whether the impairment tests related to intangible fixed assets have been prepared in accordance with the prescribed method as well as assessed the reasonableness in the group's test of the carrying value of the intangible assets. Additionally, we have considered the reasonableness of the predicted future cash flows as well as the discount rates used through evaluation of the group's documentation and forecasts. We have also examined the sensitivity analysis prepared by group management to evaluate how reasonable changes in the assumptions may impact the valuation. We have also reviewed the compliance with the accounting principles and disclosures related to capitalized development costs as stated in the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual

accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Xspray Pharma AB for the year 2025 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report
Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Xspray Pharma AB for year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Xspray Pharma AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 32-41 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Xspray Pharma AB by the general meeting of the shareholders on the 13 May 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 26 March 2026

KPMG AB

Ola Larsmon
Authorized Public Accountant

Glossary

Amorphous • A chemical term that describes substances whose molecules lack an ordered structure.

API • Active Pharmaceutical Ingredient.

AUC • Measures the total exposure of a drug in the body over a given period of time after a dose has been administered.

Bioequivalence • A term in pharmacokinetics used to assess the expected in vivo biological equivalence of two proprietary preparations of a drug. Two products are said to be bioequivalent if, for all intents and purposes, they are expected to be the same.

Bioavailability • (or biological availability) is a pharmacological term that shows what proportion of the drug reaches the blood.

CMO • Contract Manufacturing Organization.

Pharmacokinetics • Describes how the body processes a drug with regard to uptake, distribution in the body and elimination.

FDA • Food and Drug Administration. The USA's food and drug regulator whose responsibilities cover food, dietary supplements, drugs, cosmetics, medical equipment, radiation emission products and bio products.

Formulation • In the pharmaceutical industry, formulation is synonymous with preparation.

Generics • Generic drugs are medically exchangeable drugs with the same function, quality and safety as an original drug.

GMP • Good Manufacturing Practice. Rules that describe how the pharmaceutical industry is to manufacture medicines so that patients can always be sure that they are taking
the right product with a high level of quality. The rules govern the manufacturing, including packaging, of drugs, foods – and nutritional supplements. GMP is a system for ensuring that products are always manufactured and controlled for compliance with current quality standards. They are designed to minimize the risks in drug production that cannot be eliminated through testing of the end product.

H_2 blockers • A drug class that reduces stomach acid by blocking the action of histamine on H_2 receptors in the stomach.

Indication • In medical contexts, a symptom, disease or condition that requires treatment.

Clinical phase • The various stages in the study of the effects of a drug in humans (see also Clinical study). Phase I investigates safety in healthy subjects; Phase II investigates the effects in patients with the disease in question, and Phase III is a larger study to verify previously achieved outcomes. Phase III studies are conducted after the drug has begun selling in the market, for example, in order to detect new and unusual side effects.

Clinical study • A study of healthy test subjects (Phase I) or patients (Phases II through III) in order to study the safety and efficacy of a drug or method of treatment.

Crystalline • A chemical term that describes substances whose molecules have an organized structure.

SEK thousand • Thousands of Swedish kronor.

Patent window • The period between the start date of the primary drug substance patent for the original drug and the expiration date of the relevant secondary patents.

Drug candidate • A substance selected during a preclinical phase for further testing in healthy subjects and later, in patients.

SEK million • Millions of Swedish kronor.

Oncology • The study of cancers, and a medical specialization that focuses on cancers and their treatment.

Preclinical • The phase of drug development that takes place before a drug candidate is tested in humans.

Primary and secondary patents • Primary patents protect the active pharmaceutical ingredient (API) in a drug. The secondary patent describes modified compounds, formulations, dosages, special medical uses, etc.

Protein kinase • An enzyme that acts as a messenger in the cell. Protein kinases are crucial when a cell's functions are to be controlled by external signals e.g. hormones, by helping to pass on signals inside the cell. Protein kinases help cancer cells grow and spread.

Protein kinase inhibitor (PKI) • Drugs that block protein kinases. Protein kinase inhibitors act by blocking the activity of enzymes that drive the development and growth of cancer cells.

QT interval • Cardiac electrical activity that describes the time it takes for the heart's ventricles to recover between two beats.

SCF • Supercritical fluid.

Orphan Drug • A drug for the treatment of a single serious or chronic illness where no more than 200,000 patients in the US have the indication.

Tyrosine kinase inhibitor (TKI) • A subgroup of protein kinase inhibitors.

505(b)(2) • Application for US drug approval for a new version of an existing licensed drug or approved drug.

Shareholder information

Financial calendar 2026	Date
Interim Report Q1, Jan–Mar 2026	April 28, 2026
2026 Annual General Meeting	May 12, 2026
Interim Report Q2, Apr–Jun 2026	August 5, 2026
Interim Report Q3, Jul–Sep 2026	November 5, 2026
Year-end Report 2026	February 11, 2027

All financial reports are available at Xspray Pharma's website, www.xspraypharma.com

For more information on Xspray Pharma, please contact
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www.xspraypharma.com

2026 Annual General Meeting

The Annual General Meeting (AGM) will be held on Tuesday, May 12, 2026 at 10:00 am CEST on the premises of Advokatfirman Vinge at Smålandsgatan 20, Stockholm, Sweden.

Registration will commence at 9:30 am CEST. Shareholders may exercise their right to vote at the AGM through physical presence, proxies or pre-voting.

For entitlement to participate in the AGM, shareholders must:

- Be recorded as a shareholder in the share register maintained by Euroclear Sweden AB as of Monday, May 4, 2026; and
- notify the company of their intention to participate by registering no later than Wednesday, May 6, 2026. Registration can be submitted in writing to: Xspray Pharma AB, Scheeles väg 2, SE-171 65 Solna, Sweden, or via e-mail to generalmeeting@xspray.com

Complete information on the 2026 AGM can be found in the notice convening the meeting, which is available at Xspray Pharma's website, www.xspraypharma.com

xspray
PHARMA

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