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Xspray Pharma Has Carried Out a Directed Share Issue Raising Gross Proceeds of Approximately SEK 265 million

Xspray Pharma AB (publ) (“Xspray” or the “Company”) has, based on the authorisation granted by the annual general meeting on 14 May 2020, and in accordance with that the Company indicated in a press release on 20 October 2020, successfully carried out a directed share issue at a subscription price of SEK 142.50 per share (the “Issue”). The subscription price has been determined through an accelerated bookbuild transaction.

A number of Swedish and international institutional investors, including Tredje AP-fonden, Handelsbanken Fonder, Andra AP-fonden, Swedbank Robur Fonder, Fjärde AP-fonden and TIN Ny Teknik have subscribed for shares in the Issue. The Company believes that using the flexibility provided by a non-pre-emptive placing is the most appropriate transaction structure in order to raise capital in a time- and cost-effective manner, whilst also further diversifying and strengthening the Company’s shareholder base.

The Company intends to use the net proceeds from the Issue to:

- Enhance the Company’s financial position ahead of negotiating a deal pertaining to its lead product, HyNap-Dasa
- Continue to expand the product portfolio
- Complete the construction of its new manufacturing facility at a CMO in Malta
- General corporate purposes

“The interest in Xspray is extremely motivating and we would like to thank the investors for their confidence in Xspray and our R&D. With the additional capital, we now have the financial strength required for our business development negotiations with potential partners for our most advanced project HyNap-Dasa. It will also allow us to speed up development of the next-in-line product candidates in our pipeline. We plan to start the study program with HyNap-Nilo already in Q1 2021 and to bring the exciting but not yet communicated subsequent product candidates forward in development. Furthermore, we are now able to finalize the expansion of our production capability in Malta allowing us to work at full speed with several products simultaneously,” says Per Andersson, CEO Xspray Pharma.

The Issue is expected to raise proceeds for the Company of SEK 265 million, before transaction costs. The Issue will result in an increase in the number of shares in Xspray of 1,861,291, from 17,031,213 to 18,892,504, and an increase in the share capital by SEK 1,861,291 from SEK 17,031,213 to 18,892,504 resulting in a dilution of approximately 10%.

In connection with the Issue, the Company has agreed to a lock-up undertaking on future share issuance for a period of 90 days, subject to customary exceptions. In addition, the management and Board of Directors have undertaken not to sell any shares in Xspray during the same period subject to the right to sell shares to cover tax liabilities and to exercise holdings in the Company's incentive program and customary exceptions.

Citigroup Global Markets Limited, Pareto Securities AB and Zonda Partners are acting as Joint Bookrunners in connection with the Issue. Vinge is acting as legal advisor to the Company and Baker McKenzie is acting as legal advisor to Citigroup Global Markets Limited, Pareto Securities AB and Zonda Partners.

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This information is information that Xspray Pharma AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2020-10-20 23:45 CEST.

About Xspray Pharma

Xspray Pharma AB (publ) is a product development company with multiple product candidates in clinical development. Xspray uses its innovative, patented RightSize technology to develop improved and generic versions of marketed drugs, primarily protein kinase inhibitors (PKIs) for the treatment of cancer. The segment is the second largest in oncology, and drug prices are very high.

The company's innovative technology allows Xspray Pharma to gain entry as the first competitor to today's original drugs before the secondary patents expire. Xspray's goal is to become the leader in the development of improved drugs or generic versions of PKIs already marketed for the treatment of cancer, which numbered to 54 in December 2019. The company's leading product candidates, HyNap-Dasa, HyNap-Sora and HyNap-Nilo, are stable amorphous versions of the three blockbuster cancer drugs Sprycel® (dasatinib), Nexavar® (sorafenib) and Tassigna® (nilotinib), respectively. The launch of the first product candidate, HyNap-Dasa, is planned to take place in 2021. The substance patent for the original drug Sprycel® (dasatinib) expires at the end of 2020, and the secondary patents in 2026, which offers Xspray's HyNap-Dasa a period of five years of semi-exclusivity before other competitors gain access to the market.

The company has patented manufacturing technology, equipment and the resulting products. The shares in Xspray Pharma are traded on Nasdaq Stockholm.

www.xspraypharma.com

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates, including with respect to prospects for pharmaceutical treatments and studies. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn,

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Attachments

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