xspray PHARMA

Interim Report

January – March 2024

Key figures, Group

	Q1 2024	Q1 2023	Full year 2023
Net sales (SEK thousand)	-	-	-
Loss before tax (SEK thousand)	-67,781	-34,827	-179,684
Earnings per share before dilution (SEK)	-2.17	-1.54	-6.76
Earnings per share after dilution (SEK)	-2.17	-1.54	-6.76
R&D expenses as % of operating expenses	27.0	35.8	19.0
Cash and cash equivalents (SEK thousand)	104,155	59,395	166,303
Total assets (SEK thousand)	705,413	547,840	765,263
Equity/assets ratio (%)	89	95	91
Average number of employees	26	26	26

January–March 2024, Group

- Net sales amounted to SEK 0 thousand (0)
- Loss before tax amounted to SEK -67,781 thousand (-34,827)
- Earnings per share before dilution amounted to SEK -2.17 (-1.54)
- Cash flow from operating activities amounted to SEK -55,311 thousand (-45,535)
- Cash flow from investing activities amounted to SEK -5,149 thousand (-14,650)

Amounts in parentheses refer to the year-earlier period.

Significant events during the quarter

- Xspray Pharma appointed Michael af Winklerfelt as acting CFO, starting on February 8.
- In January 2024, Xspray Pharma submitted additional information for its New Drug Application for Dasynoc® following a Complete Response Letter from the FDA. Xspray Pharma was assigned a PDUFA date, July 31, 2024, by the FDA, which refers to the FDA's deadline for completing the approval process of Dasynoc®.

Significant events after the end of the reporting period

- Xspray Pharma received declarations of intent whereby owners of approximately 62 percent of shares in the company stated their intent to subscribe for newly issued shares with their outstanding TO6 warrants.
- Xspray Pharma announced its fourth product candidate, XS025 (previously designated XS015) for clinical study. XS025 will be based on the active substance cabozantinib, which is used in renal cell carcinoma and other cancers. This initiative targets the US market for cabozantinib, which is projects to reach approximately USD 2.3 billion by 2026.
- Xspray Pharma announced the outcome of exercised warrants of series TO6. In total, 2,508,723 series TO6-warrants were exercised to subscribe for the same number of new shares. Xspray Pharma thereby received proceeds of SEK 100.3 million before transaction costs. Proceeds will be used for the US launch of the company's first product, Dasynoc®, as well as for continued development of other product candidates in the company's portfolio.
- The shareholders of Xspray Pharma AB are summoned to the annual general meeting on Tuesday 21 May 2024 at 10.00 CET at Advokatfirman Vinge's office on Smålandsgatan 20 in Stockholm.

A message from the CEO

Dear shareholders,

We are continuing to make important preparations for the launch of our first product – Dasynoc®. This is an improved version of a well-established drug for the treatment of leukemia (CML and ALL). Dasynoc® has shown distinct clinical benefits through lower dosage requirements and lower variability in absorption, and the ability to be co-medicated with commonly used gastric acid suppressants. Existing treatments have major problems with co-medication for gastric ulcers, making Dasynoc® poised to offer vital patient benefits. Alongside the clinical arguments, during the period we produced compelling health economic data showing how Dasynoc® can lower the overall healthcare costs for patients – an extremely strong message to the US insurance companies concerned.

Together with our commercial partner, EVERSANA, we are creating a basis for a rapid and robust launch of Dasynoc®. In parallel, we are building the infrastructure for bringing forthcoming products that are based on our platform technology to market.

During the quarter, we submitted additional information for our New Drug Application (NDA) for Dasynoc® to the FDA. Subsequently, the FDA issued a PDUFA date: July 31, 2024, which is the FDA's own deadline for a decision on the marketing approval process for Dasynoc®. After the end of the period, we announced that we are ready to advance our fourth product candidate, XS025 (previously designated XS015) cabozantinib, into clinical study – our additional product candidate for the treatment

of renal cancer. We also strengthened our cash holdings ahead of the final phase of our planned launch through the TO6 program, which has been subscribed to at a rate of 80 percent and raised SEK 100 million before issue expenses.

Preparations ahead of launch in the US

The notification from the FDA that the PDUFA date has been set for July 31, 2024 means that we can continue to work in accordance with our plan for a launch of Dasynoc® in the US in early September, 2024. We are in dialogue with the FDA, and remain optimistic that the application will result in the approval to market Dasynoc® as an improved version of the well-tested compound dasatinib.

The preparations ahead of the planned launch of Dasynoc® are continuing, together with our partner EVERSANA. The partnership with EVERSANA grants us exclusive access to a dedicated nationwide marketing and sales organization. The team consists of skilled experts with years of documented experience in selling PKI drugs to the specific physicians, insurance companies, and other paying customers we are targeting.

We are holding meetings and building relationships with both physicians and insurance companies to increase their awareness of the patient benefits of our product. We have also produced data for the US market demonstrating the overall health economic costs for the patient groups we intend to address. This data further highlights how the clinical benefits of Dasynoc® could be expected to lead to significantly lower health care costs. This is an extremely solid argument in favor of the product for the insurance companies, which cover both medication costs and other health care expenses, further emphasizing the competitiveness of our product offering.

Currently, there are approximately 11,000 patients who receive Sprycel® as their cancer treatment. Almost half of these patients need to be treated with gastric acid suppressants, which are recommended not to be taken during treatment with Sprycel®. We can thus offer clear patient benefits for several thousand cancer patients.

Warrants raise SEK 100 million

After the end of the period, the subscription period for warrants of the TO6 series concluded. These warrants provided existing shareholders in Xspray Pharma with the opportunity to subscribe for new Xspray shares at a subscription price of SEK 40. Altogether, 80 percent of the warrants were exercised, thereby raising SEK 100 million before transaction costs for the company. The proceeds will be used for the US launch of Dasynoc® and to continue the development of the company's pipeline.

Once again, my warmest thanks to our dedicated owners for their confidence in us!

Continued development of the product portfolio

After the end of the quarter, we announced our fourth product candidate: XS025 (previously designated XS015). This product candidate is based on Xspray's patented HyNap technology, and is derived from the original compound cabozantinib, which is used in the treatment of renal and other cancers. The value in the market for cabozantinib is expected to total approximately USD 2.3 billion by 2026.

Xspray's product portfolio thus has four publicized product candidates based on the company's HyNap platform: XS004 dasatinib for the treatment of chronic myeloid leukemia (CML) and acute lymphoblastic leukemia (ALL); XS003 nilotinib for the treatment of CML; and XS008 axitinib and XS025 cabozantinib for the treatment of renal cancer. All of these are improved amorphous versions of established and marketed protein kinase inhibitors with robust patent protection.

During the quarter, I was also able to welcome Michael af Winklerfelt as acting CFO. Michael is a key reinforcement now that we are undergoing the transition to a commercial pharmaceutical company. We have an exciting period before us, and I am looking forward to keeping you updated throughout our journey.

Per Andersson
CEO, Xspray Pharma

About Xspray Pharma

Xspray Pharma AB (publ) is a pharmaceutical company with a number of product candidates under clinical development, and is nearing the launch of its first product, Dasynoc®. Xspray Pharma uses its innovative, patented HyNap technology to develop improved versions of protein kinase inhibitors (PKIs) for the treatment of cancer. This segment is the largest in the field of oncology, with just over 80 approved drugs in the US at the end of 2023.

Vision

Xspray Pharma's goal is to be a leader in developing improved drugs from PKIs for the treatment of cancer. The company's financial and operational vision through 2030:

- Net sales that exceed USD 400 million
- Profit margin that exceeds 65 percent (profit before tax)
- Five products launched
- Three product candidates under development

Launch of the company's first commercial product – Dasynoc®

Contingent on approval from the FDA, Xspray Pharma plans to launch its product, Dasynoc®, in the US market in September 2024. Xspray Pharma has a partnership agreement with EVERSANA that provides Xspray Pharma with exclusive access to a complete and cost-effective countrywide sales organization that is ready to go.

EVERSANA will provide Xspray Pharma with services in market access, a medical sales organization, and patient support programs. EVERSANA has several skilled experts with years of documented experience in selling PKI drugs to the specific physicians, insurance companies, and other paying customers Xspray Pharma will be targeting. This will create conditions for a rapid launch of Dasynoc® on an optimized budget. Xspray Pharma will retain financial and strategic control but grants EVERSANA the exclusive commercial right to assist in the launch of Dasynoc® in the US.

Xspray Pharma has conducted a number of market surveys in the US. These confirmed the company's view of the potential of Dasynoc®, and that the benefits of the product compared with competing PKI drugs are relevant for physicians, nurses, and patients.

Market

Protein kinase inhibitors (PKIs) have become one of the most effective treatments of cancer and for certain types of cancer, PKIs are the only available option. PKIs are the largest segment in the oncology area, with over 1,800 ongoing clinical studies in Phase II or Phase III, and just over 80 PKIs are approved treatments on the US market.

All Xspray Pharma's product candidates in development are currently PKIs. The rise in cancer and autoimmune diseases is an important factor that is expected to increase sales of PKIs.

Product candidates

Xspray Pharma's pipeline contains four announced product candidates. They are all based on the company's HyNap technology: Dasynoc®, XS003 nilotinib, XS008 axitinib and XS025 cabozantinib. These product candidates are stable amorphous and non-crystalline versions of the four best-selling cancer drugs Sprycel® (dasatinib), Tasigna® (nilotinib), Inlyta® (axitinib) and Cabometyx® (cabozantinib). Many protein kinase inhibitors in the market are difficult to dissolve and often have a high degree of variability in uptake. An amorphous formulation increases solubility, which leads to more stable uptake and permits lower dosages to be administered to patients with retained efficacy. The total annual sales of the original drugs Sprycel®, Tasigna® and Inlyta® for 2023 exceeded USD 3.0 billion in the US market and USD 4.8 billion globally.[1]

[1] The information regarding annual sales has been taken from the reference companies' quarterly reports.

Overview – product candidates

Product candidate				Patent		Development phase					
Project	Substance	Indication	Regulatory path	Substance patent expiry	Secondary patent expiry	New candidate evaluation	Development of formulation	Pilot studies	Pivotal studies	Regulatory review	Original product/ Company
XS004	dasatinib	Leukemia (CML, ALL)	505(b)(2)	Dec 2020	Sep 2026						Sprycel®/ BMS
XS003	nilotinib	Leukemia (CML)	505(b)(2)	Jan 2024	Oct 2032						Tasigna®/ Novartis
XS008	axitinib	Kidney cancer (RCC)	505(b)(2)	Apr 2025	Dec 2030						Inlyta®/ Pfizer
XS025	cabozantinib	Kidney cancer (RCC)	505(b)(2)	Aug 2026	Jul 2033						Cabometyx®/ Exelixis

Share information

Xspray Pharma's share is listed on Nasdaq Stockholm in the Small Cap segment under the symbol XSPRAY. The number of shares in the company on March 31, 2024 was 31,253,542 and the closing price on that date was SEK 42.10.

Owners as of March 31, 2024	Number of shares	Share of capital & votes
Flerie Invest	5,221,566	16.71%
Anders Bladh (private & Ribbskottet)	3,882,205	12.42%
The Foundation for Baltic And East European Studies	3,717,626	11.90%
Fourth Swedish National Pension Fund	3,122,228	9.99%
Third Swedish National Pension Fund	1,166,666	3.73%
Nordnet Pension Insurance	1,159,355	3.71%
Unionen	1,129,085	3.61%
Avanza Pension	970,083	3.10%
Second Swedish National Pension Fund	933,480	2.99%
Carl Erik Norman	609,913	1.95%
Total, 10 largest owners	**21,912,207**	**70.11%**
Other shareholders	**9,341,335**	**29.89%**
Total	**31,253,542**	**100.00%**

Financial calendar

Interim Report Q2 2024	August 7, 2024
Interim Report Q3 2024	November 6, 2024
Interim Report Q4 2024	February 12, 2025

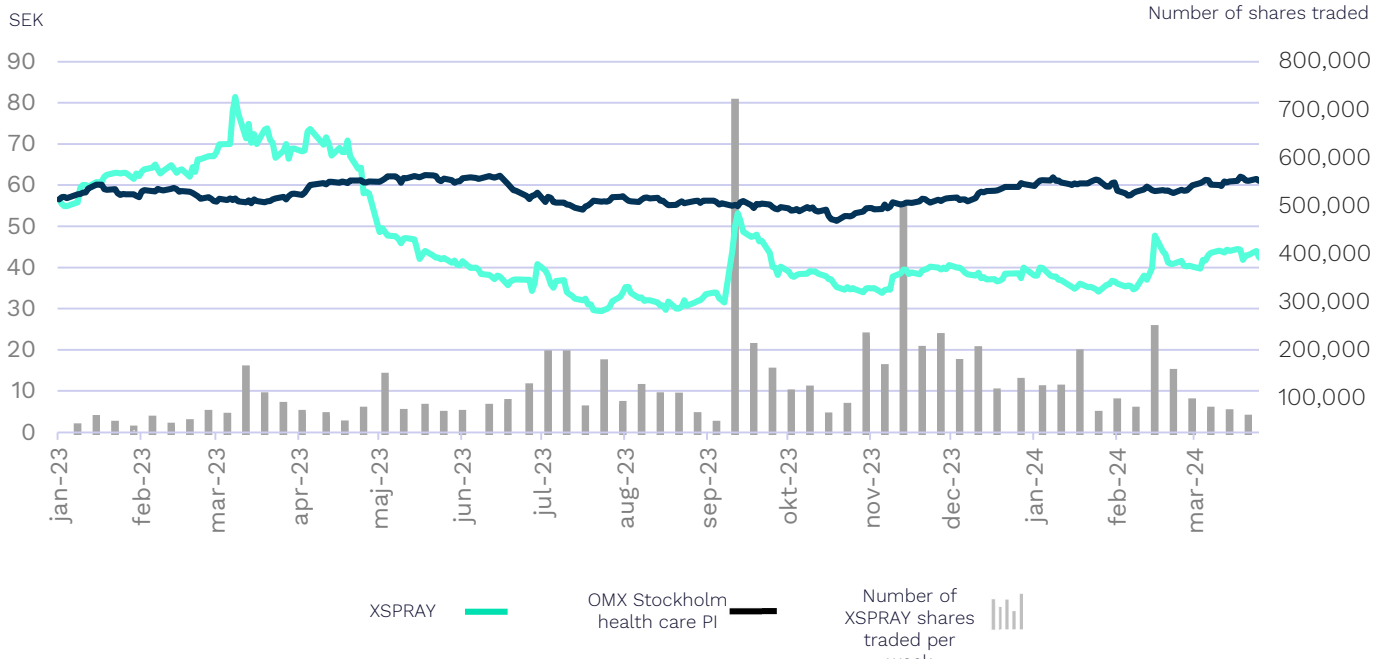
The financial reports are available on the Xspray Pharma website, www.xspraypharma.com.

Analysts monitoring the company

Filip Einarsson, Redeye AB

Dan Akschuti, Pareto Securities AB

Share price performance



Financial performance

Unless otherwise indicated, the comments below pertain to the Group. Comparison figures are presented in parentheses and pertain to the same period in 2023. The Group comprises the Parent Company, a dormant subsidiary and a US subsidiary with limited operations. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Parent Company's statements have been prepared in accordance with RFR2.

Net sales

Net sales for the company amounted to SEK 0 thousand in the first quarter of 2024. Sales are expected to increase as of September 2024 when the company launches its initial product, Dasynoc®, in the US market, provided that final FDA approval is obtained. Further information on Dasynoc® is available on pages 5–6.

Other operating income

Other operating income for the first quarter amounted to SEK 134 thousand (904). During the previous year, Xspray provided advisory services and development work that did not take place in 2024, which is why this item decreased compared to the corresponding period 2023. Except for the income from advisory services, other operating income consists entirely of exchange rate gains arising in conjunction with payments abroad and translations of the currency account.

Research and development costs

Total expenditures for research and development for the quarter amounted to SEK -24,902 thousand (-26,873), of which SEK -18,651 thousand (-13,006) was recognized as an expense in profit or loss and SEK -6,251 thousand (-13,867) was capitalized as development expenditure and presented in the company's balance sheet. Starting in 2023, a large part of the research and development in the quarter began to be expensed since XS004 has transitioned into a new phase, including validation efforts and other consulting that have not been capitalized. Total research and development costs are also attributable to the company's three other product candidates, XS003 nilotinib, XS008 axitinib and XS025 cabozantinib.

Administration and sales expenses

Administration and sales expenses totaled SEK -48,687 thousand (-22,853) in the first quarter. Of these, personnel costs amounted to SEK-9,638 thousand (-8,940). The cost increase for the first quarter is attributable primarily to the company's continued market preparation activities as a result of the impending launch in the US.

Other operating expenses

Other operating expenses for the quarter amounted to SEK -1,198 thousand (-434). Other operating expenses consist of exchange rate losses arising in conjunction with payments abroad and translations of the currency account. In conjunction with increased expenses for the launch, more expenses have been received in foreign currencies, which explains the increase to some extent.

Loss for the period

Loss for the period totaled SEK -67,741 thousand (-34,827) for the first quarter. This corresponds to earnings per share before dilution of SEK -2.17 (-1.54). The earnings decrease for the quarter is attributable primarily to increased administration and sales expenses as a result of the market preparation activities stemming from the forthcoming launch in the US.

Cash flow

Cash flow from operating activities amounted to SEK -55,311 thousand (-45,535) in the quarter, of which the effect from working capital was SEK 10,679 thousand (-12,690). The negative cash flow is in accordance with the company's plan, and is primarily attributable to continued strengthening of the organization, project costs, and legal and other advisory services prior to the company's forthcoming launch of Dasynoc®.

Cash flow from investing activities amounted to SEK -5,149 thousand (-14,650). The item includes capitalized development expenditure of SEK -5,088 thousand (13,622). The main reason for the decrease is that XS004 dasatinib has moved from a research

and development-intensive project to preparing for launch through build-up of stock.

New investments of SEK -61 thousand (0) in property, plant and equipment were made during the period, pertaining to the relocation to a new head office. Cash flow from investing activities is in line with expectations. Cash flow from financing activities was SEK -1,824 thousand (-586), which is attributable primarily to amortization of lease liabilities.

Total cash flow was SEK -62,284 thousand (-60,771) for the period. The Group had SEK 104,155 thousand (59,395) in cash and cash equivalents on March 31, 2024.

Intangible assets

Development expenditures for the projects have been capitalized according to plan. Capitalized development expenditures for the quarter totaled SEK 6,251 thousand (13,867). The Group's total capitalized development costs amounted to SEK 443,031 thousand (399,464) on March 31, 2024. The item is associated with the company's product candidates Dasynoc®, XS003 nilotinib and XS008 axitinib.

Financial position

Depending on the path and orientation the company chooses to take over the coming year, the Group's coverage of cash and cash equivalents may fall below the liquidity needed to pursue accelerated operations for the coming 12 months. In light of this, the Board of Directors is still engaged in continually evaluating the company's financial requirements and position, and reviewing various financing alternatives. The equity/assets ratio for the Group was 88.6 per cent (95.0) on March 31, 2024.

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. The two Swedish limited liability companies have their 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.

Parent Company

Operations were conducted primarily in the Parent Company, Xspray Pharma AB (publ). The Parent Company's cash and cash equivalents totaled SEK 103,101 thousand (59,345) and the equity/assets ratio was 93.3 percent (95.4) on March 31, 2024.

Employees

The organization has the same number of employees compared with the year-earlier period. The number of employees in the Group on the balance sheet date totaled 26 (26).

Related-party transactions

The management of the Parent Company, the Boards of Directors of the Parent Company and subsidiary are defined as related parties. Purchases of services from senior executives pertain to consulting fees from Glimberg Consulting AB, owned by Linda Glimberg, a member of the company's management group, and consulting fees from Stratfox Healthcare Group LLC, owned by Board member Robert Molander. The total fees amounted to SEK -611 thousand (-252).

Financial statements

Consolidated income statement

Amount in SEK thousand	Q1 2024	Q1 2023	Full year 2023
Net sales	-	-	-
Other operating income	134	904	31,767
Research and development expenses	-18,651	-13,006	-40,259
Administration and sales expenses	-48,687	-22,853	-169,567
Other operating expenses	-1,198	-434	-3,675
Operating loss	**-68,402**	**-35,389**	**-181,734**
Finance income	621	562	2,725
Finance costs	-	-	-675
Finance net	**621**	**562**	**2,049**
Loss before tax	-67,781	-34,827	-179,684
Tax	40	-	17
Loss for the period	**-67,741**	**-34,827**	**-179,667**
Earnings per share for the period before dilution, SEK	-2.17	-1.54	-6.76
Earnings per share for the period after dilution, SEK	-2.17	-1.54	-6.76
Average number of shares before dilution	31,253,542	22,680,408	26,593,910
Average number of shares after dilution	31,253,542	22,680,408	26,593,910

Consolidated statement of comprehensive income

Amount in SEK thousand	Q1 2024	Q1 2023	Full year 2023
Loss for the period	-67,741	-34,827	-179,667
Translation differences arising from valuation of foreign operations	93	-	-184
Total comprehensive income for the period	**-67,648**	**-34,827**	**-179,851**

Profit for the period and comprehensive income are attributable in their entirety to Parent Company shareholders.

Consolidated balance sheet

Amount in SEK thousand	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	443,031	399,464	436,780
Total intangible assets	**443,031**	**399,464**	**436,780**
Property, plant and equipment			
Machinery and installations	6,828	13,488	8,581
Right-of-use assets	35,900	1,918	37,649
Equipment	1,993	120	2,056
Fixed assets under construction and prepayments	59,725	47,862	59,365
Total property, plant and equipment	**104,446**	**63,389**	**107,651**
Financial assets			
Financial investments	1	1	1
Other long-term receivables	3,056	2,999	3,016
Total financial assets	**3,057**	**3,000**	**3,017**
Total non-current assets	**550,534**	**465,852**	**547,448**
Current assets			
Inventories	43,602	18,591	43,781
Current receivables	3,966	2,422	4,165
Accounts receivable	-	355	-
Prepaid expenses and accrued income	3,155	1,224	3,566
Cash and cash equivalents	104,155	59,395	166,303
Total current assets	**154,879**	**81,988**	**217,815**
TOTAL ASSETS	**705,413**	**547,840**	**765,263**

Consolidated balance sheet cont.

Amount in SEK thousand	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	31,254	22,680	31,254
Other contributed capital	1,215,491	907,420	1,216,092
Reserves	883	976	792
Retained earnings including profit/loss for the period	-622,465	-409,885	-554,724
Total equity attributable to the Parent Company's shareholders	**625,162**	**521,191**	**693,413**
Non-current liabilities			
Lease liabilities	30,571	475	31,947
Total non-current liabilities	**30,571**	**475**	**31,947**
Current liabilities			
Trade accounts payable	20,156	12,941	12,472
Lease liabilities	4,831	1,065	4,861
Other current liabilities	9,465	3,346	6,263
Accrued expenses and deferred income	15,228	8,822	16,307
Total current liabilities	**49,679**	**26,174**	**39,903**
TOTAL EQUITY AND LIABILITIES	**705,413**	**547,840**	**765,263**

Consolidated statement of changes in equity

Amount in SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Opening balance as of January 1, 2023	22,680	907,420	976	-375,057	556,019
Loss for the period	-	-	-	-179,667	-179,667
Other comprehensive income for the period	-	-	-184	-	-184
Total comprehensive income for the period	-	-	-	-179,667	-179,667
New share issue	8,573	334,352	-	-	342,925
Transaction costs	-	-26,201	-	-	-26,201
Redemption of warrant	-	-	-	-	-
Warrant program	-	522	-	-	522
Closing balance as of December 31, 2023	31,254	1,216,093	792	-554,725	693,413
Opening balance as of January 1, 2024	31,254	1,216,093	792	-554,725	693,413
Loss for the period	-	-	-	-67,741	-67,795
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	91	-67,741	-67,648
New share issue	-	-	-	-	-
Transaction costs	-	-538	-	-	-538
Warrant program	-	-64	-	-	-64
Closing balance as of March 31, 2024	31,254	1,215,491	883	-622,467	625,163

Consolidated statement of cash flow

Amount in SEK thousand	Q1 2024	Q1 2023	Full year 2023
OPERATING ACTIVITIES			
Operating loss	-68,402	-35,389	-181,734
Non-cash adjustments			
Depreciation and amortization	2,701	-	9,194
Unrealized currency effect	-91	-	41
Disposal of property, plant and equipment	7	-	5
Interest received	216	286	1,969
Interest paid	-421	-25	-1,169
Cash flow from operating activities before changes in working capital	**-65,990**	**-32,845**	**-171,694**
Changes in working capital			
Change in inventory	179	-	-35,229
Change in operating receivables	694	-10,514	-4,109
Change in operating liabilities	9,806	-2,176	7,757
CASH FLOW FROM OPERATING ACTIVITIES	**-55,311**	**-45,535**	**-203,275**
INVESTING ACTIVITIES			
Capitalized development expenditure	-5,088	-13,622	-49,855
Acquisition of property, plant and equipment	-61	-	-2,692
Advance payments pertaining to right-of-use assets	-	-	-1,556
Prepayments	-	-1,028	-11,773
CASH FLOW FROM INVESTING ACTIVITIES	**-5,149**	**-14,650**	**-65,876**
FINANCING ACTIVITIES			
New share issue	-	-	297,924
Loans raised	-	-	45,000
Capital-raising costs	-538	-	-26,201
Payment of lease liability	-1,222	-586	-1,651
Repurchased warrants	-64	-	-
Allocated warrants	-	-	522
CASH FLOW FROM FINANCING ACTIVITIES	**-1,824**	**-586**	**315,594**
CASH FLOW FOR THE PERIOD	**-62,284**	**-60,771**	**46,443**
Cash and cash equivalents at the beginning of the period	166,303	120,166	120,166
Exchange rate differences and changes in value of cash and cash equivalents	136	-	-306
Cash and cash equivalents at the end of the period	**104,155**	**59,395**	**166,303**

Parent Company income statement

Amount in SEK thousand	Q1 2024	Q1 2023	Full year 2023
Net sales	-	-	-
Other operating income	134	904	31,669
Research and development expenses	-19,444	-13,087	-41,100
Administration and sales expenses	-47,348	-22,884	-169,705
Other operating expenses	-1,289	-452	-3,633
Operating loss	**-67,947**	**-35,518**	**-182,769**
Finance income	352	317	1,664
Finance costs	-	-	-675
Finance net	**352**	**317**	**988**
Loss before tax	-67,594	-35,201	-181,781
Tax	-	-	-
Loss for the period	**-67,594**	**-35,201**	**-181,781**

Parent Company balance sheet

Amount in SEK thousand	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	440,329	398,726	435,182
Total intangible assets	440,329	398,726	435,182
Property, plant and equipment			
Machinery and installations	6,828	13,488	8,581
Equipment	1,993	130	2,056
Fixed assets under construction and prepayments	57,156	46,411	57,156
Total property, plant and equipment	65,977	60,019	67,793
Financial assets			
Shares in subsidiaries	2,238	50	2,238
Financial investments	1	1	1
Other long-term receivables	2,999	2,999	2,999
Total financial assets	5,237	3,050	5,237
Total non-current assets	511,544	461,795	508,213
Inventories	43,602	18,591	43,781
Current receivables			
Current receivables	4,178	2,422	4,364
Prepaid expenses	3,931	1,706	4,491
Total current receivables	8,109	4,484	8,855
Cash and bank	103,101	59,345	165,658
Total current assets	154,812	82,420	218,294
TOTAL ASSETS	666,356	544,215	726,507

Parent Company balance sheet cont.

Amount in SEK thousand	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	31,254	22,680	31,254
Statutory reserve	976	976	976
Development expenditure reserve	440,329	398,726	435,182
Total restricted equity	**472,559**	**422,383**	**467,412**
Non-restricted equity			
Share premium reserve	1,218,491	907,420	1,219,092
Loss brought forward	-1,001,880	-775,496	-814,952
Loss for the period	-67,594	-35,201	-181,781
Total non-restricted equity	**149,016**	**96,723**	**222,358**
Total equity	**621,575**	**519,106**	**689,771**
Current liabilities			
Trade accounts payable	20,088	12,941	14,166
Other current liabilities	9,465	3,346	6,263
Accrued expenses and deferred income	15,228	8,822	16,307
Total current liabilities	**44,781**	**25,109**	**36,736**
TOTAL EQUITY AND LIABILITIES	**666,356**	**544,215**	**726,507**

Parent Company statement of cash flow

Amount in SEK thousand	Q1 2024	Q1 2023	Full year 2023
OPERATING ACTIVITIES			
Operating loss	-67,947	-35,518	-182,769
Non-cash adjustments			
Depreciation and amortization	1,862	1,945	7,604
Disposal of property, plant and equipment	15	-	-5
Interest received	217	41	1,969
Interest paid	-	-	-675
Cash flow from operating activities before changes in working capital	-65,853	-33,532	-173,866
Changes in working capital			
Change in inventory	179	-	-35,229
Change in operating receivables	746	-10,253	-2,693
Change in operating liabilities	8,045	-2,176	9,450
CASH FLOW FROM OPERATING ACTIVITIES	-56,883	-45,961	-204,506
INVESTING ACTIVITIES			
Purchase of intangible assets	-5,147	-13,782	-50,238
Acquisition of property, plant and equipment	-61	-	-4,861
Contributions to Group companies	-	-	-2,188
Prepayments	-	-1,028	-11,773
CASH FLOW FROM INVESTING ACTIVITIES	-5,208	-14,810	-66,892
FINANCING ACTIVITIES			
New share issue	-	-	297,924
Capital-raising costs	-538	-	-26,201
Loans raised	-	-	45,000
Repurchased warrants	-64	-	-
Allocated warrants	-	-	522
CASH FLOW FROM FINANCING ACTIVITIES	-602	-	317,245
CASH FLOW FOR THE PERIOD	-62,693	-60,771	45,847
Cash and cash equivalents at the beginning of the period	165,658	120,116	120,116
Exchange rate difference and transfers of value in cash and cash equivalents	136	-	-305
Cash and cash equivalents at the end of the period	103,101	59,345	165,658

Notes

Note 1. Accounting and measurement policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and with the applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9, "Interim Reports", of the Annual Accounts Act. For the Parent Company and the Group, the same accounting policies and bases for calculation as in the Annual Report for 2023 have been applied. Comparison figures are presented in parentheses and pertain to the same period in 2023.

Note 2. Key estimates and assessments

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates, and to make assumptions that impact the application of the accounting policies and the recognized amounts of assets, liabilities, revenue and expenses. The real outcome may deviate from these estimates and assumptions. The estimates and assumptions are routinely evaluated. Changes to estimates are recognized in the period the changes are 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, and the likelihood that the product passes through the remaining development phases. The assumptions involve industry- and market-specific data produced by corporate management and reviewed by the Board of Directors.

Material risks and uncertainties

Xspray Pharma's operation is associated with both industry-related and company-specific risks. The company develops product candidates, and there will always be regulatory, market-related and financial risks in the operation. No material changes have occurred in the risks and uncertainties during the period compared with those the company reported in the Annual Report for 2023.

Financing risk and going concern

In connection to the preferential rights issue in June 2023, warrants of series TO5 and TO6 were issued. The subscription period for TO5 ran during the period 16 – 30 November 2023 and the issue raised proceeds of approximately SEK 92.3 million before transaction costs. The subscription period for TO6 ran during the period 16 April – 2 May 2024 and the issue raised proceeds of approximately SEK 100.3 million. Raised proceeds will be used to finance the launch of Dasynoc® in the US as well as general corporate purposes, ongoing operating costs and the continued development of the company's product candidates.

The company's capital requirements depend on several factors, including market uptake of its initial product candidate, Dasynoc®, and the earnings from and costs for ongoing and future product development. In light of this, the Board of Directors routinely monitors the company's capital situation and evaluates various financing alternatives. If the financing secured is not sufficient, it would suggest material uncertainties that could lead to significant doubt regarding the company's capacity 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 returns 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.

Definitions of key performance indicators

Earnings per share are calculated as earnings for the period divided by the average number of shares during the period. The equity/assets ratio is equity as a percentage of the balance sheet total. Research and development costs as a percentage of operating expenses equate to expensed research

and development expenses divided by operating expenses. Total operating expenses consist of operating profit less net sales and other operating income. The carrying amount of receivables, cash and cash equivalents, trade payables and other liabilities constitute a reasonable approximation of fair value.

Assurance from the Board

The Board of Directors and the CEO declare that this quarterly report provides a true and fair overview of the Group's and Parent Company's business operations, financial position and performance and describes principal risks and uncertainties faced by the company.

Solna, May 8, 2024

Anders Ekblom
Chairman

Anders Bladh
Board member

Robert Molander
Board member

Maris Hartmanis
Board member

Torbjörn Koivisto
Board member

Christine Lind
Board member

Carl-Johan Spak
Board member

Per Andersson
CEO

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

Glossary

505(b)(2) NDA	Application for drug approval in the US for an improved version of an existing licensed or approved drug.
Amorphous	An amorphous structure is a chemical term that describes substances whose molecules lack an ordered structure.
Bioequivalence	Term used to describe whether two different drugs are processed in a similar manner by the body and are thereby expected to have a similar and equivalent medicinal effect. If it can be confirmed that two drugs being compared are bioequivalent, they can be expected to have the same effect and safety.
Bioavailability	(Biological availability), a concept in pharmacology that shows how large a portion of the drug reaches the blood.
FDA	Food and Drug Administration. The US food and drug authority responsible for foodstuffs, nutritional supplements, drugs, cosmetics, medical equipment, radiation-emitting equipment and blood products.
Crystalline	A crystalline structure is a chemical term that describes an ordered structure among the molecules of the substance.
Pilot study	An initial study conducted on a smaller scale than a full study. A pilot study can be used both to check whether the arrangement of the study is a functional one, and to collect data that can later be used as control values in the full study.
Pivotal study	A standard study, the results of which can be used in the registration application for approval from a medical products authority.
Protein kinase inhibitor (PKI)	Drugs that block protein kinases. Protein kinase inhibitors work by blocking activity in enzymes that push the development and growth of cancer cells.
Proton-pump inhibitor (PPI)	A proton-pump inhibitor is a group of drugs whose primary effect is a clear and long-lasting decrease in the production of gastric acid.
Tyrosine kinase inhibitor (TKI)	Tyrosine kinase inhibitors are a subgroup of protein kinase inhibitors. This cancer drug group blocks growth-stimulating signals within the cells.
Variability	The scope of the distribution in the form of many or few low and high values around the average value as regards the body's uptake of drugs.

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