

Xspray Pharma Interim report Q1

JANUARY–MARCH 2019

Over the past year, we've tripled the number of employees and I'm very pleased to see that our entire team is performing high quality work with great commitment. Xspray is today a company well-equipped to take a drug all the way to a finished product.

Per Andersson, CEO
Xspray Pharma AB (publ)

January–March 2019, Group

Because no Group existed during the same period in the previous year, there are no comparative figures.

- Net sales amounted to SEK 0 thousand
- Earnings before tax amounted to SEK -8,503 thousand
- Earnings per share before dilution amounted to SEK -0.56
- Cash flow from operating activities totaled SEK -12,451 thousand
- Cash and cash equivalents at the end of the period totaled SEK 192,850 thousand
- Total equity amounted to SEK 293,212 thousand
- The total number of shares is 15,076,460

Significant events during the first quarter 2019

January–March

- Positive data from a clinical Phase 1 pilot study with the company's product candidate HyNap-Sora, were presented in February

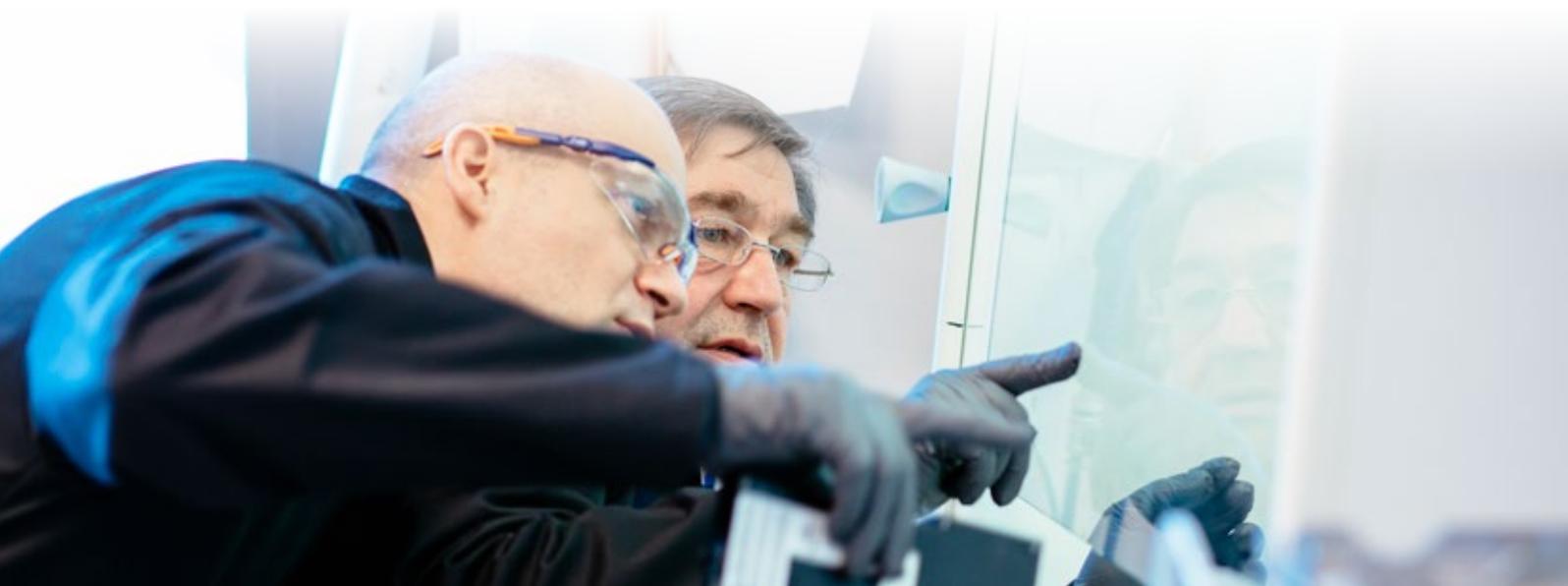
January–March 2019, parent company

Amounts in brackets refer to the corresponding period for the previous year.

- Net sales amounted to SEK 0 thousand (0)
- Earnings before tax amounted to SEK -8,542 thousand (-1,596)
- Earnings per share before dilution amounted to SEK -0.57 (-0.12)
- Cash flow from operating activities totaled SEK -12,943 thousand (-3,264)
- Cash and cash equivalents at the end of the period totalled SEK 192,800 thousand (188,889)
- Total equity amounted to SEK 293,174 thousand (237,426)
- The total number of shares is 15,076,460

Significant events after the interim reporting period

- No significant events have taken place since the closing date





A message from the CEO

With its focus on clinical trials and scale-up of the production process for the upcoming registration studies and the market launch of HyNap-Dasa planned for 2021, the beginning of 2019 was an intensely busy period.

During the quarter, we presented positive data from a clinical Phase I study with our product candidate, HyNap-Sora. The study was carried out in 14 healthy subjects and sought to improve the bioavailability of two different formulations of HyNap-Sora in comparison with the original drug, Nexavar®. The study was successful and achieved its primary objective of demonstrating increased bioavailability compared to the reference product, i.e. showing that HyNap-Sora is absorbed better by the body than the original drug. The study also showed reduced variability between patient, that was also demonstrated in earlier studies with our two other leading product candidates, HyNap-Dasa and HyNap-Nilo. The result confirm the potential of our technology platform. Compared to the original drugs, our products are expected to provide greater efficacy and safety, which can improve the quality of life in patients with various forms of cancer.

We have passed several important milestones in the scaling-up of production to commercial levels. Our in-house designed equipment has been manufactured and is now installed on the premises of our collaborative partner NerPharMa in Milan. What remains before production of the amorphous material for the registration studies and commercial production of HyNap-Dasa

are the validation and quality assurance activities. Our collaboration with NerPharMa is proceeding well, and we're currently establishing the process for producing amorphous versions of drug substances already known and marketed.

Work on selecting a contract manufacturing organization (CMO), for manufacturing and final packaging of the tablets, is also proceeding well. Procurement is in the final phase and HyNap-Dasa tablet manufacturing is expected to start as planned during the second quarter.

Development of a finished product and bringing it to market is a long and very complicated process that requires employees with experience across a wide range of different fields. Over the past year, we've tripled the number of employees and I'm very pleased to see that our entire team is performing high quality work with high commitment. Today, Xspray is a company that is well-equipped to take a drug from the earliest phase all the way to a finished product.

Solna, Thursday, May 16, 2019
Per Andersson, CEO

Comments on the report

Financial overview, Group

	Jan–Mar 2019	12/31/2018
Net sales (SEK thousand)	0	-
Operating loss (SEK thousand)	-8,615	-
Earnings for the period & comprehensive income (SEK thousand)	-8,503	-
Earnings per share before dilution, SEK	-0.56	-
Research and development expenses as % of operating expenses	15.3	-
Cash and cash equivalents	192,850	221,266
Equity/assets ratio (%)	95.4	96.6
Average number of employees	14	11

Financial overview, parent company

	Jan–Mar 2019	Jan–Mar 2018	Full-year 2018
Net sales (SEK thousand)	0	0	277
Operating loss (SEK thousand)	-8,722	-1,596	-23,217
Earnings for the period & comprehensive income (SEK thousand)	-8,542	-1,596	-23,098
Earnings per share before dilution, SEK	-0.57	-0.12	-1.70
Research and development expenses as % of operating expenses	13.9	10.7	23.6
Cash and cash equivalents	192,800	188,889	221,216
Equity/assets ratio (%)	98.0	98.3	96.6
Average number of employees	14	8	11

At the end of December 2018, Xspray Pharma AB (publ) acquired a newly incorporated subsidiary, dormant for the time being, to prepare the Group for possible future structural needs. No business activity has taken place in the subsidiary; all business is pursued in the parent company Xspray Pharma AB (publ). Because the acquisition date was at the end of 2018 and no business activities were pursued in the subsidiary, no consolidated income statement was presented for 2018, only a consolidated balance sheet on the closing date 12/31/2018. This gave a more accurate picture of the operation as the number of transactions was limited and the 2018 operation as a whole was reported in the parent company's statements. The parent company's figures are therefore reported separately above to make comparisons between the periods easier.

Business focus and prospects

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.

Its innovative RightSize technology allows Xspray Pharma, through licensing to suitable pharmaceutical companies, 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 39 in 2018. 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).

The launch of HyNap-Dasa, the first product candidate, 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 in an exclusive position before other competitors gain access to the market. The company has patented the manufacturing technology, the equipment and the resulting products.

The company's development has proceeded according to plan and prospects for achieving its business plan targets are good.

Xspray has been listed on Nasdaq First North Stockholm since 2017 with Redeye as its Certified Adviser.

Launching under a current patent

- The ability to launch product candidates after the expiration of the original drug's primary substance patent but before the expiration of the secondary product patents
- The original drug's secondary patent also gives Xspray protection against the launch of competing products

Low development costs

- Development costs are lower than one third of the normal cost for drug development
- Total development costs are between 7 to 15 million dollar per product candidate



Limited risk

- Proof-of-concept demonstrated
- Short development process with limited capital investment
- Clear regulatory pathway to registration
- Unique technology and active patent strategy significantly reduces risk of losing patent disputes

Short development time

- Only 2–4 years from development to market launch
- Clinical studies on healthy volunteers sufficient for registration of generics

Revenue and earnings

Net sales in the Group during the first quarter totaled SEK 0 thousand (-). Sales are not expected to increase before 2021, when the company plans to launch the first product on the market under the current business plan.

The Group's expenses for the first quarter totaled SEK -8,615 thousand (-). The equivalent amount for the parent company is SEK -8 722 thousand (-1 596). The increase is attributable to the planned increase in expenses for the company's clinical program and its stronger organization.

During the first quarter, the Group reported an operating loss of SEK -8,615 thousand. The parent company's operating loss for the first quarter amounted to SEK -8,722 thousand (-1,596). Net loss for the Group amounts to SEK -8,503 thousand, and for the parent company to SEK -8,542 (-1,596).

During the first quarter of 2019, earnings per share amounted to SEK -0.56, and the corresponding figure for the parent company is SEK -0.57 (-0.12).

Financial position

Total equity in the Group amounted to SEK 293,213 thousand (-) as of March 31, 2019. The equivalent figure as of December 31, 2018 was SEK 301,716 thousand. As of Sunday, March 31, 2019, the number of shares totaled 15,076,460.

Total equity in the parent company added up to SEK 293,174 thousand (237,426) as of March 31, 2019.

On March 31, 2019, the equity/assets ratio was 95.4 percent, and the corresponding ratio for the parent company was 98.0 percent (98.3).

The company's operations are financed chiefly through equity and its financial position is deemed to be good in relation to the company's future development plans.

Cash flow and investments

Cash flow for the Group during the first quarter totaled SEK -28,416 thousand (-). Cash flow from operating activities totaled SEK -12,451 thousand (-). The effect from working capital totaled SEK -5,601 thousand (-).

Cash flow for the parent company during the first quarter totaled SEK -28,416 thousand (73,377). Cash flow from operating activities totaled SEK -12,943 thousand (-3,264). The effect from working capital amounted to SEK -5,601 (-1,935).

Cash flow from investment activities, of which SEK -9,749 thousand relate to capitalized development expenditures, and SEK -8,769 thousand concern tenancies and similar rights, amounted to SEK -24,242 thousand (-) for the Group. The corresponding amount for the parent company was SEK -15,473 thousand (-6,722) for the first quarter of 2019. The majority of these amounts comprise capitalized development expenditures.

During the first quarter, cash flow from financing activities for the Group amounted to SEK 8,277 thousand, which is a direct effect of IFRS 16, and SEK 0 thousand (83,363) for the parent company.

As of March 31, 2019, Xspray had SEK 192 850 Xspray had SEK 192,850 thousand in cash and cash equivalents, and the corresponding amount for the parent company was SEK 192,800 thousand (188,889).

Intangible assets

Ongoing development expenditures were capitalized according to plan. Capitalized development expenditures for the Group and parent company during the first quarter amounted to SEK 9,749 thousand. The corresponding amount for the parent company in the previous year was SEK 6,317 thousand. As of March 31, 2019, capitalized expenditures for development and similar works amounted to SEK 81,599 thousand (47,507).

Parent company

At the end of 2018, the parent company acquired a newly incorporated subsidiary, dormant for the time being, to prepare the Group for possible future structural needs. No business activity took place in the subsidiary during the period; all business is pursued in the parent company Xspray Pharma AB (publ).

Accounting and valuation principles

General information, a change in accounting policies and compliance with IAS 34. This interim report was prepared according to the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting.

During the fourth quarter 2018, the company switched to applying IFRS with the adjustments required by RFR 2 Accounting for Legal Entities. The company also switched to an income statement layout classified by function.

The effects of the change are described in more detail below the calculations in Note 1.

During previous periods, financial statements were prepared in accordance with the Swedish Annual Accounts Act and K3.

For further information regarding the changes in accounting policies in conjunction with the transition to IFRS, refer to the company's annual report for 2018.

At the end of December 2018, Xspray Pharma AB (publ) acquired a newly incorporated subsidiary, dormant for the time being, to prepare the Group for possible future structural needs. No business activity has taken place in the subsidiary; all business is pursued in the parent company Xspray Pharma AB (publ). Because the acquisition date was at the end of 2018 and no business activities were pursued in the subsidiary, no consolidated income statement was presented for 2018. This gave a more accurate picture of the operation as the number of transactions was limited and the 2018 operation as a whole was reported in the parent company's statements. The consolidated balance sheet was prepared as per the closing date 12/31/2018.

As of January 1, 2019, IAS 17 was replaced by IFRS 16.

According to the new standard, almost all leases are reported in the balance sheet as a right to use an asset and as a liability to pay for this right. Depreciation of the asset is reported in the income statement as interest on the leasing liability. Paid lease charges are reported partly as payment of interest, and partly as an amortization of the leasing liability. The standard exempts leases with a lease term shorter than 12 months (short-term leases) and leases in respect of low-value assets.

The Group applies the simplified transition method which means, among other things, that the combined effect is not reported until January 1, 2019, and that no recalculation of comparative figures for 2018 is applied. The Group has applied the majority of the relief rules allowed when IFRS 16 is applied for the first time, of which the most significant concern reporting leases with the remaining term of less than 12 months as of January 1, 2019 as current leases. After the transition date, the

Group will also apply the relief rules for reporting leases with a lease term of no more than 12 months and low-value leases as straight-line expenses in the consolidated income statement. Transition calculations have been completed, with the effect that the Group's lease liabilities and right-of-use assets as of January 1, 2019 amounted to SEK 8,769 thousand.

As of March 31, 2019, the Group's lease liabilities amounted to SEK 8,277 thousand and right-of-use assets to SEK 8,316 thousand. The new standard had a negative effect of SEK 453 thousand on Depreciations and a positive effect on Sales and administration expenses and Research and development expenses totaling SEK 560 thousand, resulting in a positive net effect of SEK 107 thousand on operating profit/loss. Interest expenses were affected in the amount of SEK -68 thousand.

The exemptions in RFR 2 concerning leases are applied in the parent company. All leases are reported in the parent company under the rules for operational leasing. This means the parent company's accounting policies for leases will remain unchanged.

Key ratios, definitions

Earnings per share is calculated as net income divided by the average number of shares during the period. The equity/assets ratio is equity, and where applicable untaxed reserves (less deferred tax), in relation to total assets.

Research and development expenses as a percentage of operating expenses comprise the former divided by the latter, which include selling and administrative expenses and other operating expenses.

Significant estimates and assumptions

When preparing interim reports, the Board and the CEO must, in accordance with the applicable accounting and valuation principles, make certain estimates, assessments and assumptions that affect the recognition and valuation of assets, provisions, liabilities, income and expenses. The outcome may deviate from these estimates and assessments and will very rarely amount to the same sum as the estimated outcome.

The estimates and assessments made in the interim report, including the assessment of the main causes of uncertainty, are the same as those applied in the 2018 Annual Report.

Owners as of March 31, 2018	Number of shares	Number of shares & votes
Östersjöstiftelsen	2,500,826	16.59%
Niclas Eriksson family	1,549,082	10.27%
Ribbskottet AB	1,515,000	10.05%
Swedbank Robur Fonder	1,250,000	8.29%
Catella Fonder	866,309	5.75%
Fjärde AP-fonden	720,000	4.78%
Avanza Pension	691,612	4.59%
Unionen-Svenska	600,000	3.98%
Danica Pension	361,227	2.40%
Kåre Gilstring	310,000	2.06%
Total, ten largest owners	10,364,056	68.76%
Total, other shareholders	4,712,404	31.24%
Total number of shares	15,076,460	100.00%

Financial calendar	Date
Annual General Meeting 2019	May 23, 2019
Interim Report Q2, Apr–Jun 2019	August 29, 2019
Interim Report Q3, Jul–Sep 2019	November 7, 2019

Analysts monitoring the company:

Mathias Spinnars, Redeye
Jacob Svensson, Redeye

Significant risks and uncertainties

Xspray Pharma's operations are associated with both industry-related risks, and company-specific risks. The company develops drug candidates and there will always be regulatory, market and financial risks in the business. There have been no significant changes in risks and uncertainties during the period compared to those published by the company in the 2018 annual report and connection with its listing on First North on September 28, 2017.

Consolidated income statement

Amount in SEK thousands	Jan–Mar 2019
Operating income etc.	
Net sales	0
Total operating income	0
Sales and administration expenses	-6,873
Research and development expenses	-1,293
Other operating income	8
Other operating expenses	-457
Operating loss	-8,615
Earnings from financial items	
Other interest income and similar items	222
Interest expenses and similar items	-110
Earnings from financial items	112
Loss before income tax	-8,503
Tax	0
Earnings for the period	-8,503

The Group's statement of comprehensive income

Amount in SEK thousands	Jan–Mar 2019
Earnings for the period	-8,503
Other comprehensive income	0
Comprehensive income for the period	-8,503
Average number of shares before dilution	15,076,460
Average number of shares after dilution	15,765,556
Earnings per share for the period before dilution, SEK	-0.56
Earnings per share for the period after dilution, SEK	-0.54

At the end of December 2018, Xspray Pharma AB (publ) acquired a newly incorporated subsidiary, dormant for the time being, to prepare the Group for possible future structural needs. No business activity has taken place in the subsidiary; all business is pursued in the parent company Xspray Pharma AB (publ). Because the acquisition date was at the end of 2018 and no business activities were pursued in the subsidiary, no consolidated income statement was presented for 2018, only a consolidated balance sheet on the closing date 12/31/2018. This gave a more accurate picture of the operations as the number of transactions was limited and 2018 operations as a whole were reported in the parent company's statements.

Consolidated balance sheet

Amount in SEK thousands	Mar 31, 2019	Dec 31, 2018
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	81,599	71,850
Patent	32	43
Tenancies and similar rights	8,316	0
Total intangible assets	89,947	71,893
Property, plant and equipment		
Machinery and other technical facilities	16,927	12,447
Inventories, tools and installations	1,338	1,283
Total property, plant and equipment	18,265	13,730
Financial fixed assets		
Other non-current securities holdings	1	1
Total financial fixed assets	1	1
Total fixed assets	108,213	85,624
Current assets		
Other current receivables	2,888	1,675
Prepaid expenses and accrued income	3,425	3,920
Cash and cash equivalents	192,850	221,266
Total current assets	199,163	226,861
TOTAL ASSETS	307,376	312,485
Amount in SEK thousands	Mar 31, 2019	Dec 31, 2018
EQUITY AND LIABILITIES		
Equity		
Share capital	15,076	15,076
Other contributed capital	336,991	336,991
Reserves	976	976
Other equity (including loss for the period)	-59,830	-51,327
Total equity attributable to the parent company's shareholders	293,213	301,716
Non-current liabilities		
Lease liabilities	6,633	0
Total non-current liabilities	6,633	0
Current liabilities		
Trade accounts payable	3,394	7,780
Lease liabilities	1,644	0
Other current receivables	592	1,301
Accrued expenses and deferred income	1,900	1,688
Total current liabilities	7,530	10,769
TOTAL EQUITY AND LIABILITIES	307,376	312,485

Statement of changes in equity in the Group

Amount in SEK thousands	Share capital	Fund for development costs	Statutory reserve	Share premium reserve	Accumulated earnings	Loss for the period & the year	Total equity
Opening balance as of January 1, 2019	15,076	71,850	976	336,991	-100,080	-23,098	301,715
Transfer of loss for the year					-23,098	23,098	0
Fund for development costs		9,749		-9 749			0
Earnings for the period						-8,503	-8,503
Closing balance as of March 31, 2019	15,076	81,599	976	327,242	-123,178	-8,503	293,212

Conditional shareholder contributions amount to 50,000

Consolidated statement of cash flows

Amount in SEK thousands	Jan–Mar 2019
Operating activities	
Operating loss before financial items	-8,615
Non-cash adjustments	
Depreciation	1,653
Received interest	222
Interest paid	-110
Cash flow from operating activities before changes to working capital	-6,850
Changes in working capital	
Change in operating receivables	-718
Change in operating liabilities	-4,883
Cash flow from operating activities	-12,451
Investment activities	
Investments in intangible assets	-18,518
Capital expenditures in property, plant and equipment	-5,724
Cash flow from investment activities	-24,242
Financing activities	
Lease liability	8,769
Lease liability amortization	-492
Cash flow from investment activities	8,277
Cash flow for the period	-28,416
Cash and cash equivalents at the beginning of the period	221,266
Cash and cash equivalents at the end of the period	192,850

Parent company income statement

Amount in SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Full-year 2018
Operating income etc.			
Net sales	0	0	277
Total operating income	0	0	277
Sales and administration expenses	-7,062	-1,383	-16,967
Research and development expenses	-1,211	-171	-5,536
Other operating income	8	23	86
Other operating expenses	-457	-66	-1,077
Operating loss	-8,722	-1,596	-23,217
Earnings from financial items			
Other interest income and similar items	222	0	150
Interest expenses and similar items	-42	0	-31
Earnings from financial items	180	0	119
Loss before income tax	-8,542	-1,596	-23,098
Tax	0	0	0
Earnings for the period	-8,542	-1,596	-23,098

Parent company statement of comprehensive income

Amount in SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Full-year 2018
Earnings for the period	-8,542	-1,596	-23,098
Other comprehensive income	0	0	0
Comprehensive income for the period	-8,542	-1,596	-23,098
Average number of shares before dilution	15,076,460	12,866,460	13,593,172
Average number of shares after dilution	15,765,556	13,321,051	14,055,472
Earnings per share for the period before dilution, SEK	-0.57	-0.12	-1.70
Earnings per share for the period after dilution, SEK	-0.54	-0.12	-1.64

Parent company balance sheet

Amount in SEK thousands	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development costs	81,599	47,507	71,850
Patent	32	325	43
Total intangible assets	81,631	47,832	71,893
Property, plant and equipment			
Machinery and other technical facilities	16,927	2,372	12,447
Inventories, tools and installations	1,338	320	1,283
Total property, plant and equipment	18,265	2,692	13,730
Financial fixed assets			
Shares in subsidiaries	50	0	50
Other non-current securities holdings	1	1	1
Total financial fixed assets	51	1	51
Total fixed assets	99,947	50,525	85,674
Current assets			
Current receivables			
Current tax asset	256	256	201
Other current receivables	2,632	862	1,474
Prepaid expenses and accrued income	3,425	964	3,920
Total current receivables	6,313	2,082	5,595
Cash and bank	192,800	188,889	221,216
Total current assets	199,113	188,889	226,811
TOTAL ASSETS	299,060	241,496	312,485

Parent company balance sheet *cont.*

Amount in SEK thousands	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15,076	13,706	15,076
Fund for development costs	81,599	47,507	71,850
Statutory reserve	976	976	976
Total restricted equity	97,651	62,189	87,902
Non-restricted equity			
Accumulated earnings	204,065	176,833	236,912
Earnings for the period	-8,542	-1,596	-23,098
Total non-restricted equity	195,523	175,237	213,814
Total equity	293,174	237,426	301,716
Current liabilities			
Trade accounts payable	3,394	3,006	7,780
Other current receivables	592	300	1,301
Accrued expenses and deferred income	1,900	764	1,688
Total current liabilities	5,886	4,070	10,769
TOTAL EQUITY AND LIABILITIES	299,060	241,496	312,485

Statement of changes in equity in the parent company

Amount in SEK thousands	Share capital	Fund for development costs	Statutory reserve	Share premium reserve	Accumulated earnings	Loss for the period & the year	Total equity
Opening balance as of January 1, 2018	12,356	39,886	976	169,253	-54,299	-13,817	154,355
Transfer of loss for the year					-13,817	13,817	0
New share issue	2,720			176,820			179,540
Transaction expenses				-9,082			-9,082
Fund for development costs		31,964			-31,964		0
Loss for the year						-23,098	-23,098
Closing balance as of December 31, 2018	15,076	71,850	976	336,991	-100,080	-23,098	301,715
Amount in SEK thousands	Share capital	Fund for development costs	Statutory reserve	Share premium reserve	Accumulated earnings	Loss for the period & the year	Total equity
Opening balance as of January 1, 2019	15,076	71,850	976	336,991	-100,080	-23,098	301,715
Transfer of loss for the year					-23,098	23,098	0
Fund for development costs		9,749			-9,749		0
Earnings for the period						-8,542	-8,542
Closing balance as of March 31, 2019	15,076	81,599	976	336,991	-132,927	-8,542	293,173
Conditional shareholder contributions amount to	50,000						

Parent company statement of cash flows

Amount in SEK thousands	Jan–Mar 2019	Jan–Mar 2018	Full year 2018
Operating activities			
Operating loss before financial items	-8,722	-1,596	-23,217
Non-cash adjustments			
Depreciation	1,200	267	4,101
Received interest	222	0	150
Interest paid	-42	0	-31
Cash flow from operating activities before changes to working capital	-7,342	-1,329	-18,997
Changes in working capital			
Change in operating receivables	-718	-252	-3,765
Change in operating liabilities	-4,883	-1,683	5,016
Cash flow from operating activities	-12,943	-3,264	-17,746
Investment activities			
Investments in intangible assets	-9,749	-6,317	-31,965
Capital expenditures in property, plant and equipment	-5,724	-405	-14,993
Investments in other financial assets	0	0	-50
Cash flow from investment activities	-15,473	-6,722	-47,008
Financing activities			
New share issue	0	83,363	170,458
Cash flow from investment activities	0	83,363	170,458
Cash flow for the period	-28,416	73,377	105,704
Cash and cash equivalents at the beginning of the period	221,216	115,512	115,512
Cash and cash equivalents at the end of the period	192,800	188,889	221,216

Note 1. Effects of changes in accounting policies

In Q4, 2018, Xspray Pharma switched to applying IFRS with the adjustments required by RFR 2 Accounting for Legal Entities. Because the company also switched its accounting to reflect the function of costs instead of their types, a function-based income statement is presented.

The interim report has been prepared according to IAS 34 Interim Financial Reporting.

At the end of December, Xspray Pharma AB (publ) acquired a newly incorporated subsidiary, dormant for the time being, and thus reports as a group. In addition to IFRS, the Group also complies with Swedish Financial Reporting Board recommendations, RFR 1. During

previous periods, financial statements were prepared in accordance with the Swedish Annual Accounts Act and K3.

The Group uses cost for balance sheet item valuation unless otherwise stated.

The consequences of the transition to the new accounting standard are shown in their entirety in the 2018 annual report.

The company has also switched from a cost-based to a function-based income statement. The effects on the income statement after conversion are stated below. In all, 94 percent of the depreciations during Q1 2018 are reported under Research and Development expenses.

Income statement and report of comprehensive income

Amount in SEK thousands	Restated 1/1/2018 –03/31/2018	Reclassi- fication	1/1/2018 –03/31/2018
Operating income etc.			
Net sales	0		0
Capitalized work on own account	-	-6,317	6,317
Other operating income	-	-24	24
Total operating income etc.	0	-6,341	6,341
Operating expenses			
Goods for sale	-	3,398	-3,398
Other external expenses	-	1,811	-1,811
Employee expenses	-	2,395	-2,395
Amortization & impairment of tangible and intangible fixed assets	-	267	-267
Sales & administration expenses	-1,383	-1,382	-
Research and development expenses	-171	-171	-
Other operating income	23	23	-
Other operating expenses	-66	0	-66
Total operating expenses	-1,596	6,341	-7,937
Operating loss	-1,596	0	-1,596
Earnings from financial items	0	0	0
Earnings after financial items	-1,596	0	-1,596
Loss before income tax	-1,596	0	-1,596
Earnings for the period and comprehensive income	-1,596	0	-1,596

Certification by the Board

The Board of Directors and the CEO hereby certify that this interim report provides a true and fair view of the Group's and the parent company's operations, position and results and describes significant risks and uncertainties facing the company.

Solna, May 16, 2019



Michael Wolff Jensen
Chairman



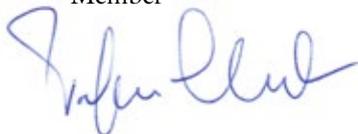
Maris Hartmanis
Member



Carl-Johan Spak
Member



Hans Arwidsson
Member



Torbjörn Koivisto
Member



Per Andersson
Chief Executive Officer

This report has not been reviewed by the company auditor.

Information

For further information, please contact:

Per Andersson, CEO

Telephone: +46 (0)8 730 37 00

Email: per.andersson@xspray.com

This information was made available through the offices of the above contact for publication on May 16, 2019 at 08:00 CET.

Xspray Pharma website www.xspraypharma.com

Redeye AB is the company's Certified Adviser

certifiedadviser@redeye.se

+46 (0)8 121 576 90

Addresses

Xspray Pharma AB

Råsundavägen 12
SE 169 67 Solna, Sweden
info@xspray.com
www.xspraypharma.com

Certified Adviser

Redeye AB
+46 (0)8 121 576 90
certifiedadviser@redeye.se
www.redeye.se