

Xspray Pharma

Interim report Q2

JANUARY–JUNE 2019

We have previously shown that it is possible to manufacture small pilot quantities of amorphous material for clinical studies but now we have shown that the process works at commercial scale. We have "cracked the code", so to speak, and have taken a great step toward a finished product.

Per Andersson, CEO
Xspray Pharma AB (publ)

Significant events during the second quarter 2019

- In June, Xspray announced the successful start of HyNap-Dasa production in the Company's unique full-scale manufacturing facility in Italy
- In June, Xspray was granted additional patents for HyNap-Sora and HyNap-Nilo in the US
- In May, Gunnar Gårdemyr and Christine Lind were elected as new Xspray board members
- In May, Kerstin Hasselgren was named as Xspray's CFO

Significant events after the interim reporting period

- No significant events have taken place since the closing date

April – June 2019, Group*

- Net sales amounted to SEK 0 thousand
- Earnings before tax amounted to SEK –11,052 thousand
- Earnings per share before dilution amounted to –SEK 0.73
- Cash flow from operating activities totaled SEK –1,019 thousand

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

January – June 2019, Group*

- Net sales amounted to SEK 0 thousand
- Earnings before tax amounted to SEK –19,555 thousand
- Earnings per share before dilution amounted to SEK –1.30
- Cash flow from operating activities totaled SEK –13,945 thousand
- Cash and cash equivalents at the end of the period totaled SEK 162,338 thousand
- Total equity amounted to SEK 282,161 thousand
- The total number of shares was 15,076,460 at the end of the period

April – June 2019, Parent Company*

- Net sales amounted to SEK 0 thousand (0)
- Earnings before tax amounted to SEK –11,042 thousand (–6,788)
- Earnings per share before dilution amounted to SEK –0.73 (–0.50)
- Cash flow from operating activities totaled SEK –794 thousand (–4,342)

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

January – June 2019, Parent Company*

- Net sales amounted to SEK 0 thousand (0)
- Earnings before tax totaled SEK –19,584 thousand (–8,384)
- Earnings per share before dilution amounted to SEK –1.30 (–0.63)
- Cash flow from operating activities totaled SEK –13,980 thousand (–7,606)
- Cash and cash equivalents at the end of the period totaled SEK 162,288 thousand (171,815)
- Total equity amounted to SEK 282,131 thousand (228,794)



A message from the CEO

On June 27, we announced that we had tested the first of two manufacturing lines in our new facility in Italy with excellent results. Thus we have reached one of the most significant milestones during Xspray's journey. Xspray was founded on an idea that it would be possible to scale up a previously non-scalable but extremely promising particle technology. We have previously shown that it is possible to manufacture small pilot quantities of amorphous material for clinical studies but now we have shown that the process works at commercial scale. We have "cracked the code", so to speak, and have taken a great step toward a finished product.

Not only are we the first in the world to run full-scale commercial production of amorphous HyNap material with a current focus on HyNap-Dasa – we have also considerably reduced costs for coming products as we can manufacture material for clinical studies directly at full scale. We plan to use the second production line to manufacture clinical study materials for the products that are next in line – HyNap-Sora and HyNap-Nilo.

During the quarter, we also concluded an agreement with a well-established, FDA-approved contract development and manufacturing organization (CDMO). Our partner has a sound background in manufacturing organization of tablets and other products for both the US and international markets. Once it has been manufactured by NerPharMa in Italy, Xspray's amorphous material will be shipped to the CDMO, who will perform the final steps to the finished product. Collaboration with the CDMO has begun, and intensive work is in progress prior to manufacturing clinical material for the planned HyNap-Dasa registration studies later this year. These studies are essential for registration of a product.

In June, additional patents were granted for HyNap-Sora and HyNap-Nilo in the US. Together with the previously approved product patent for HyNap-Dasa, we are now in a strong patent position in the US which makes it substantially more difficult for our competitors to copy products formulated with our unique technology platform. Not only does the patent strengthen our ability to conduct good business in the US, it also shows that we are a product company with a broad portfolio of drug can-

didates in the same class of drugs that can be reformulated using the same technology platform at little expense.

In May, we strengthened our organization by appointing CFO Kerstin Hasselgren as part of our preparations to move onto the Stockholm stock exchange main list. Kerstin has extensive experience from positions in listed international companies, including VP Finance at AstraZeneca and VP Corporate Business Control at SSAB. Kerstin's experience will be invaluable in a broad range of things from moving up to the main list to partnership discussions with other global pharmaceutical companies.

The annual general meeting in May welcomed two new board members, Christine Lind and Gunnar Gårdemyr. Both Christine and Gunnar have extensive experience from the Life Science sector in executive positions, which will be extremely valuable in future business strategy discussions.

Taking a finished product to market is a long and extremely complicated process. Our platform technology is the first of its kind in the world, which means our day-to-day work is characterized by innovation, inventiveness, testing, analysis and evaluation. Risk awareness is our watchword, and risk mitigation is always our priority. Now that we have come so far in the development of a finished product, I can see that our team is navigating skillfully and effectively through the various processes and to successfully reach our goal.

Solna, Thursday, August 29, 2019
Per Andersson, CEO

Comments on the report

Financial overview, Group

	Apr – Jun 2019	Jan – Jun 2019
Net sales (SEK thousand)	0	0
Operating loss (SEK thousand)	-11,381	-19,996
Earnings for the period (SEK thousand)	-11,052	-19,555
Earnings per share before dilution, SEK	-0.73	-1.30
Research and development costs as % of operating expenses	17.1	16.2
Cash and cash equivalents (SEK thousand)	162,338	162,338
Equity/assets ratio (%)	93.3	93.3
Average number of employees	16	13

Financial overview, Parent Company

	Apr – Jun 2019	Apr – Jun 2018	Jan – Jun 2019	Jan – Jun 2018	Full-year 2018
Net sales (SEK thousand)	0	0	0	0	277
Operating loss (SEK thousand)	-11,303	-6,765	-20,025	-8,361	-23,217
Earnings for the period (SEK thousand)	-11,042	-6,788	-19,584	-8,384	-23,098
Earnings per share before dilution, SEK	-0.73	-0.50	-1.30	-0.63	-1.70
Research and development costs as % of woperating expenses	17.9	12.2	16.1	11.9	23.6
Cash and cash equivalents (SEK thousand)	162,288	171,816	162,288	171,815	221,216
Equity/assets ratio (%)	94.9	97.5	94.9	97.5	96.6
Average number of employees	16	11	13	11	11

At the end of December 2018, Xspray Pharma AB (publ) acquired a newly incorporated subsidiary company, 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 company, no consolidated income statement was presented for 2018, and there exists only a consolidated balance sheet on the closing date December 31, 2018. This 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. Sales of the PKI drugs constitute around 25 percent of the total oncology market in a segment where drug prices are extremely high.

The innovative RightSize technology allows Xspray, through licensing to suitable pharmaceutical companies, to gain entry as the first competitor to today's original drugs before 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. There are 39 marketed PKI drug as of 2018 and 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 a unique 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 during the current patent window

- Potential 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 patents also give Xspray protection against the launch of competing products

Low development expenditure

- Development costs are substantially lower than typical development costs for original drugs
- Total development expenditure is estimated to be USD 7 to 15 million per product candidate

Limited risk

- Proof-of-Concept demonstrated for the technology program
- The active substance is already known and tested for safety and efficacy
- Clear regulatory pathway to registration
- Unique technology and active patent strategy

Short development time

- Only 2 – 4 years from development to market launch
- Clinical studies in healthy volunteers sufficient for registration of generics – long-term patient studies are not necessary



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 to the market under the current business plan.

The Group's expenses for the second quarter totaled SEK –11,381 thousand (–). The equivalent amount for the Parent Company is SEK –11,303 thousand (–6,765). The increase is attributable to the planned increase in expenses for the Company's clinical program and its larger organization. During the first quarter, the Group reported an operating loss of SEK –11,381 thousand. The Parent Company's operating loss for the first quarter amounted to SEK –11,303 thousand (–6,765). Net loss for the Group amounts to SEK –11,052 thousand, and for the Parent Company to SEK –11,042 thousand (–6,788).

Financial position

Total equity in the Group amounted to SEK 282,161 thousand (–) as of June 30, 2019. The equivalent figure as of December 31, 2018 was SEK 301,716 thousand. As of June 30, 2019, the number of shares totaled 15,076,460.

Total equity in the Parent Company amounted up to SEK 282,131 thousand as of June 30, 2019.

On June 30, 2019, the equity/assets ratio was 93.3 percent, and the corresponding ratio for the Parent Company was 94.9 percent (97.5).

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 second quarter totaled SEK –30,512 thousand (–). Cash flow from operating activities totaled SEK –8,630 thousand (–). The effect from changes in working capital totaled SEK 7,611 thousand.

Cash flow for the Parent Company during the first quarter totaled SEK –30,512 thousand (–17,074). Cash flow from operating activities totaled SEK –794 thousand (–4,342). The effect from changes in working capital amounted to SEK 7,984 thousand (1,759).

Cash flow from investing activities and capitalized development expenditures constitute SEK –16,530 thousand, and investments in property, plant and equipment totaled SEK –12,945 thousand (–) for the Group.

During the first quarter, cash flow from investment activities for the Group amounted to SEK –18 thousand, which is a direct effect of IFRS 16, and SEK 0 thousand (–514) for the Parent Company.

As of June 30, 2019, Xspray had SEK 162,338 thousand in cash and cash equivalents, and the corresponding amount for the Parent Company was SEK 162,288 thousand (171,816).

Intangible assets

Ongoing development expenditures were capitalized according to plan. Capitalized development expenditures for the Group and Parent Company during the second quarter amounted to SEK 17,084 thousand. As of June 30, 2019, capitalized expenditures for development and similar activities totaled SEK 98,683 thousand (71,850).

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).

Corporate governance

After the statutory board meeting, the board appointed an audit committee tasked with assisting the board in oversight responsibilities and a remuneration committee tasked with assisting the board in matters concerning remuneration.

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. The same accounting principles and methods as used in the annual report 2018 is valid for this interim report in exception of the changes specified below

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

The effects of the changes 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 gives 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 December 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 thus no recalculation of comparative figures for 2018 is applied. The Group has applied the majority of the relief rules allowed when IFRS 16 was applied for the first time, of which the most significant concerns the reporting of 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 June 30, 2019, the Group's right-of-use assets totaled SEK 7,762 thousand and lease liabilities SEK 5,277 thousand. As of June 30, the Company has reported greater net prepaid rent against lease liabilities.

The new standard, IFRS 16 Leases, has had a negative effect on depreciation in the amount of SEK 430 thousand during the period January to June 2019 following deductions of SEK 431 thousand that were capitalized in the item Capitalized development costs. Furthermore, application of the standard affected Sales and administration expenses and R&D costs positively in the amount of SEK 459 thousand during the first six months of the year, and a positive net effect of SEK 29 thousand on operating profit/loss arose.

Interest expenses related to lease liabilities accounted for SEK 123 thousand during the first six months of the year, which were capitalized in their entirety in Capitalized development costs. Because this represents an adjustment and change compared to Q1 2019, interest expenses during Q2 are positive.

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.

Share information

The share has been traded on Nasdaq First North under the name XSPRAY since September 28, 2017. It was introduced at a price of SEK 22.00 per share. On June 30, 2019, the number of shares in the Company totaled 15,076,460.

The share forms part of the following index: OMX Stockholm Pharma & Biotech PI

Incentive program

The Company has issued three options programs; see the 2018 Annual Report for details. No new incentive programs were adopted during the quarter.

Owners as of June 30, 2018	Number of shares	Number of shares & votes
Östersjöstiftelsen	2,500,826	16.59%
Ribbskottet	1,664,524	11.04%
Swedbank Robur Fonder	1,250,000	8.29%
Catella Fonder	984,725	6.53%
Fjärde AP-fonden	870,000	5.77%
Niclas Eriksson family	740,000	4.91%
Avanza Pension	650,039	4.31%
Unionen	600,000	3.98%
Länsförsäkringar Fonder	375,000	2.49%
Danica Pension	371,227	2.46%
Total, ten largest owners	10,006,341	66.37%
Total, other shareholders	5,070,119	33.63%
Total number of shares	15,076,460	100.00%

Financial calendar

	Date
Interim Report Q3, Jul–Sep 2019	November 7, 2019
Year-end report, 2019	February 13, 2020

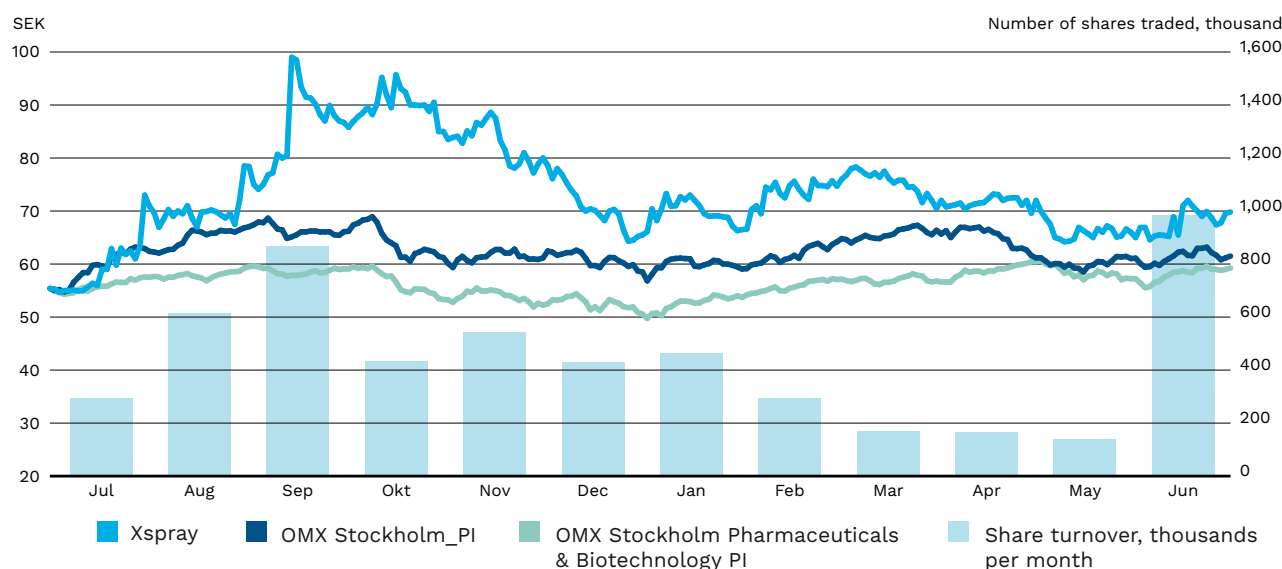
Analysts monitoring the Company:

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 in connection with its listing on First North on September 28, 2017.

Share price and the number of shares traded (July 2018 – June 2019)



Consolidated income statement

Amount in SEK thousands	Apr – Jun 2019	Jan – Jun 2019
Operating income etc.		
Net sales	0	0
Total operating income	0	0
Sales and administration expenses	-9,257	-16,130
Research and development expenses	-1,961	-3,254
Other operating income	57	65
Other operating expenses	-220	-677
Operating loss	-11,381	-19,996
Earnings from financial items		
Other interest income and similar items	264	486
Interest expenses and similar items	65	-45
Earnings from financial items	329	441
Loss before income tax	-11,052	-19,555
Tax	0	0
Earnings for the period	-11,052	-19,555
Earnings per share for the period before dilution, SEK	-0.73	-1.30
Earnings per share for the period after dilution, SEK	-0.73	-1.30
Average number of shares before dilution	15,076,460	15,076,460
Average number of shares after dilution	15,765,556	15,765,556

The Group's statement of comprehensive income

Amount in SEK thousands	Apr – Jun 2019	Jan – Jun 2019
Earnings for the period	-11,052	-19,555
Other comprehensive income	0	0
Comprehensive income for the period	-11,052	-19,555

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	Jun 30, 2019	Dec 31, 2018
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development costs	98,683	71,850
Patent	21	43
Total intangible assets	98,704	71,893
Property, plant and equipment		
Machinery and other technical facilities	27,323	12,447
Right-of-use assets	7,762	0
Inventories, tools and installations	1,405	1,283
Total property, plant and equipment	36,490	13,730
Financial fixed assets		
Other non-current securities holdings	1	1
Total financial fixed assets	1	1
Total fixed assets	135,195	85,624
Current assets		
Other current receivables	4,445	1,675
Prepaid expenses and accrued income	514	3,920
Cash and cash equivalents	162,338	221,266
Total current assets	167,297	226,861
TOTAL ASSETS	302,492	312,485
Amount in SEK thousands	Jun 30, 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)	-70,882	-51,327
Total equity attributable to the Parent Company's shareholders	282,161	301,716
Non-current liabilities		
Lease liabilities	5,138	0
Total non-current liabilities	5,138	0
Current liabilities		
Trade accounts payable	10,281	7,780
Lease liabilities	139	0
Other current receivables	722	1,301
Accrued expenses and deferred income	4,051	1,688
Total current liabilities	15,193	10,769
TOTAL EQUITY AND LIABILITIES	302,492	312,485

Statement of changes in equity in the Group

Amount in SEK thousands	Share capital	Other contributed capital	Reserves	Other equity (incl. loss for the period)	Total equity
Opening balance as of January 1, 2019	15,076	336,991	976	-51,327	301,716
Earnings for the period				-19,555	-19,555
Other comprehensive income for the period				0	0
Closing balance as of June 30, 2019	15,076	336,991	976	-70,882	282,161

Consolidated statement of cash flows

Amount in SEK thousands	Apr – Jun 2019	Jan – Jun 2019
Operating activities		
Operating loss	-11,381	-19,996
Non-cash adjustments		
Depreciation	2,505	4,158
Other items that do not affect liquidity	146	166
Received interest	35	257
Interest paid	65	-45
Cash flow from operating activities before changes to working capital	-8,630	-15,460
Changes in working capital		
Change in operating receivables	-1,557	-2,770
Change in operating liabilities	9,168	4,285
Cash flow from operating activities	-1,019	-13,945
Investment activities		
Investments in intangible assets	-16,530	-26,279
Capital expenditures in property, plant and equipment	-12,945	-18,669
Cash flow from investment activities	-29,475	-44,948
Financing activities		
Lease liability amortization	-18	-35
Cash flow from investment activities	-18	-35
Cash flow for the period	-30,512	-58,928
Cash and cash equivalents at the beginning of the period	192,850	221,266
Cash and cash equivalents at the end of the period	162,338	162,338

Parent Company income statement

Amount in SEK thousands	Apr – Jun 2019	Apr – Jun 2018	Jan – Jun 2019	Jan – Jun 2018	Full-year 2018
Operating income etc.					
Net sales	0	0	0	0	277
Total operating income	0	0	0	0	277
Sales and administration expenses	-9,111	-5,150	-16,173	-6,533	-16,967
Research and development costs	-2,029	-827	-3,240	-997	-5,536
Other operating income	57	8	65	31	86
Other operating expenses	-220	-796	-677	-862	-1,077
Operating loss	-11,303	-6,765	-20,025	-8,361	-23,217
Earnings from financial items					
Other interest income and similar items	264	0	486	0	150
Interest expenses and similar items	-3	-23	-45	-23	-31
Earnings from financial items	261	-23	441	-23	119
Loss before income tax	-11,042	-6,788	-19,584	-8,384	-23,098
Tax	0	0			0
Earnings for the period	-11,042	-6,788	-19,584	-8,384	-23,098
Earnings per share for the period before dilution, SEK	-0.73	-0.50	-1.30	-0.63	-1.70
Earnings per share for the period after dilution, SEK	-0.73	-0.50	-1.30	-0.63	-1.70
Average number of shares before dilution	15,076,460	13,706,460	15,076,460	13,288,780	13,593,172
Average number of shares after dilution	15,765,556	14,161,051	15,765,856	13,743,371	14,055,472

Parent Company balance sheet

Amount in SEK thousands	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development costs	98,616	54,193	71,850
Patent	21	231	43
Total intangible assets	98,637	54,424	71,893
Property, plant and equipment			
Machinery and other technical facilities	27,323	5,951	12,447
Inventories, tools and installations	1,405	350	1,283
Total property, plant and equipment	28,728	6,301	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	127,416	60,726	85,674
Current assets			
Current receivables			
Accounts receivable	–	–	–
Current tax asset	311	311	201
Other current receivables	4,134	1,138	1,474
Prepaid expenses and accrued income	3,036	635	3,920
Total current receivables	7,481	2,084	5,595
Cash and bank	162,288	171,815	221,216
Total current assets	169,769	173,899	226,811
TOTAL ASSETS	297,185	234,625	312,485

Parent Company balance sheet *cont.*

Amount in SEK thousands	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15,076	13,706	15,076
Fund for development costs	98,616	54,193	71,850
Statutory reserve	976	976	976
Total restricted equity	114,668	68,875	87,902
Non-restricted equity			
Accumulated earnings	187,047	168,303	236,912
Earnings for the period	-19,584	-8,384	-23,098
Total non-restricted equity	167,463	159,919	213,814
Total equity	282,131	228,794	301,716
Current liabilities			
Trade accounts payable	10,281	3,531	7,780
Other current liabilities	722	525	1,301
Accrued expenses and deferred income	4,051	1,775	1,688
Total current liabilities	15,054	5,831	10,769
TOTAL EQUITY AND LIABILITIES	297,185	234,625	312,485

Parent Company statement of cash flows

Amount in SEK thousands	Apr – Jun 2019	Apr – Jun 2018	Jan – Jun 2019	Jan – Jun 2018	Full-year 2018
Operating activities					
Operating loss	-11,303	-6,765	-20,025	-8,361	-23,217
Non-cash adjustments					
Depreciation	2,493	687	3,693	954	4,101
Received interest	35	0	257	0	150
Interest paid	-3	-23	-45	-23	-31
Cash flow from operating activities before changes in working capital	-8,778	-6,101	-16,120	-7,430	-18,997
Changes in working capital					
Change in operating receivables	-1,183	-2	-2,144	-254	-3,765
Change in operating liabilities	9,167	1,761	4,284	78	5,016
Cash flow from operating activities	-794	-4,342	-13,980	-7,606	-17,747
Investment activities					
Investments in intangible assets	-16,773	-7,990	-26,279	-14,307	-31,965
Capital expenditures in property, plant and equipment	-12,945	-4,201	-18,669	-4,606	-14,993
Investments in other financial assets	0	0	0	0	-50
Cash flow from investment activities	-29,718	-12,191	-44,948	-18,913	-47,008
Financing activities					
New share issue	0	-541	0	82,822	170,458
Cash flow from investment activities	0	-541	0	82,822	170,458
Cash flow for the period	-30,512	-17,074	-58,928	56,303	105,704
Cash and cash equivalents at the beginning of the period	192,800	188,889	221,216	115,512	115,512
Cash and cash equivalents at the end of the period	162,288	171,815	162,288	171,815	221,216

Note 1. Effects of changes in accounting layout

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 pre-

vious 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 of the converted income statement for the Parent company on the income statement are shown below.

Income statement

Amount in SEK thousands	Restated Apr – Jun 2018	Re- classification	Before translation Apr – Jun 2018
Operating income etc.			
Net sales	0		0
Capitalized work on own account	0	-7,990	7,990
Other operating income	0	-8	8
Total operating income etc.	0	-7,998	7,998
Operating expenses			
Raw materials & necessities	0	6,411	-6,411
Other external expenses	0	3,268	-3,268
Employee expenses	0	4,015	-4,015
Amortization & impairment of tangible & intangible fixed assets	0	687	-687
Sales & administration expenses	-5,150	-5,150	0
Research and development expenses	-827	-827	0
Other operating income	8	8	
Other operating expenses	-796	-414	-382
Total operating expenses	-6,765	7,998	-14,763
Operating loss	-6,765	0	-6,765
Earnings from financial items	-23	0	-23
Earnings after financial items	-6,788	0	-6,788
Earnings for the period	-6,788	0	-6,788

Note 1. *cont.*

Income statement *cont.*

Amount in SEK thousands	Restated Jan – Jun 2018	Re- classification	Before translation Jan – Jun 2018
Operating income etc.			
Net sales	0	0	0
Capitalized work on own account	0	-14,307	14,307
Other operating income	0	-32	32
Total operating income etc.	0	-14,339	14,339
Operating expenses			
Raw materials & necessities	0	9,809	-9,809
Other external expenses	0	5,079	-5,079
Employee expenses	0	6,410	-6,410
Amortization & impairment of tangible & intangible fixed assets	0	954	-954
Sales & administration expenses	-6,533	-6,533	0
Research and development expenses	-997	-997	0
Other operating income	31	31	0
Other operating expenses	-862	-414	-448
Total operating expenses	-8,361	14,339	-22,700
Operating loss	-8,361	0	-8,361
Earnings from financial items	-23	0	-23
Earnings after financial items	-8,384	0	-8,384
Earnings for the period	-8,384	0	-8,384

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, August 29, 2019



Michael Wolff Jensen
Chairman



Hans Arwidsson
Member



Gunnar Gårdemyr
Member



Maris Hartmanis
Member



Torbjörn Koivisto
Member



Christine Lind
Member



Carl-Johan Spak
Member



Per Andersson
Chief Executive Officer

This report has not been reviewed by the company auditor.

Information

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This information was made available through the offices of the above contact for publication on 29 August, 2019 at 08:00 CET.

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