

PRESS RELEASE

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XSpray Microparticles receives 18 million SEK investment to finance clinical development of its lead compound XS004

As previously announced from Karolinska Development AB, XSpray Microparticles AB will receive 18 million SEK from a consortium led by The Foundation for Baltic and East European Studies (Östersjöstiftelsen) and Recipharm Venture Fund.

The 18 million SEK investment will be used to finance the clinical development of XSpray's lead compound, XS004, developed with XSpray's proprietary HyNap™ drug formulation technology. XS004 is based on a well-known protein kinase inhibitor (PKI) compound.

It is anticipated that these funds will finance XS004 through the Phase 1 clinical trial, results of which are expected in Q2 2016.

Recipharm as a CDMO will be engaged as a development and potential future manufacturing partner to Xspray for its XS004 and XS005 product projects.

CEO of XSpray, Dr. Per Andersson said that "This marks the beginning of an exciting phase for XSpray, securing the necessary funding for the Phase 1 study with our lead compound, XS004. Also the new ownership structure will give us access to a strong mix of experience and capacities that are needed to commercialize the HyNap™ technology in the market of small molecule PKIs. This market segment currently comprises about 30 PKI products that command about 20% of the total cancer market value in the US. A market share that is expected to grow to 25% by 2020. Our proprietary HyNap™ technology applied to this important class of anti-cancer compounds has the potential to improve both present and upcoming PKI product profiles with respect to safety and enhanced quality of life.

Carl-Johan Spak, EVP at Recipharm, said "XSpray is a very interesting company with a unique technology for improvement of drug delivery. We are glad to assist XSpray with pharmaceutical drug development services and we are looking forward to opportunities to serve the company with commercial manufacturing."

"We are very pleased with this investment in XSpray Microparticles," said Mattias Klintemar, Director of Investments for Östersjöstiftelsen "XSpray's technology has shown significant potential in the development of new PKI therapies as well as generating early access generic PKIs and improved versions of existing PKI products. This is an important market and XSpray has a unique solution."

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About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 2,200 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures more than 400 different products to customers ranging from Big Pharma to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.3 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain, Italy and Portugal and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on NASDAQ Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com

About XSpray Microparticles AB

XSpray Microparticles AB is a drug delivery company with a proprietary HyNap™ technology that it uses to develop new protein kinase inhibitors (PKIs) therapies, as well as bioequivalent and improved versions of commercially available PKIs. XSpray's HyNap™ technology enables optimization of cost, time and risk during development while enabling a reduction of the significant problems associated with variable bioavailability. These problems affect many NCEs as well as existing PKIs due to pH dependent absorption, food interaction and poor solubility. These traits often lead to complicated dosing regimens for patients and even 'black box' warnings.

XSpray formulates compounds as HyNap™ – hybrid nanoparticles. The technology is used both to improve the product profiles of currently marketed drugs and to speed up the development of new drugs.

XSpray has its headquarters and development laboratories in Stockholm, Sweden, and offers GMP material from a state-of-the-art facility.