

Notice of annual general meeting of Xspray Pharma AB (publ)

The shareholders of Xspray Pharma AB (publ), Reg. No. 556649-3671, ("Xspray Pharma") are summoned to the annual general meeting on Tuesday 16 May 2023 at 10.00 CEST at Advokatfirman Vinge's office on Smålandsgatan 20 in Stockholm. Registration starts at 9.30 CEST. The shareholders may exercise their voting rights at the annual general meeting by attending the meeting in person, represented by a proxy or by voting in advance.

Right to attend the annual general meeting and notice of participation

Participation in the annual general meeting at the venue

Shareholders who wish to attend the annual general meeting at the venue in person or represented by a proxy must:

- be registered in the share register maintained by Euroclear Sweden AB on Monday 8 May 2023, and must also
- notify the company of their intention to attend the meeting, no later than Wednesday 10 May 2023.

The notification must be made in writing by e-mail to generalmeeting@xspray.com, or by post to Xspray Pharma, "General meeting", Råsundavägen 12, SE-169 67 Solna, Sweden. The notification must state the shareholder's name, personal identity number/registration number, shareholding, address, daytime telephone number and information about the attendance of any assistants (maximum two) and, if applicable, information about any proxies.

If a shareholder is represented by proxy, a written, dated proxy for the representative must be issued. A proxy form is available on the company's website, www.xspraypharma.com. If the proxy is issued by a legal entity, a certificate of registration or equivalent certificate of authority should be enclosed. To facilitate the registration at the annual general meeting, the proxy and the certificate of registration or equivalent certificate of authority should be sent to the company as set out above so that it is received no later than Monday 15 May 2023.

Participation by advance voting

Shareholders who wish to attend the annual general meeting by advance voting must:

- be registered in the share register maintained by Euroclear Sweden AB on Monday 8 May 2023, and must also
- give notice no later than Wednesday 10 May 2023, by casting its advance vote in accordance with the instructions below so that the advance vote is received by the company no later than on that day.

A shareholder who wishes to participate in the annual general meeting at the venue in person or represented by a proxy must give notice thereof in accordance with what is set out under "*Participation in the annual general meeting at the venue*" above. This means that a notification by advance vote is not sufficient for a person who wishes to participate at the venue.

A special form shall be used when advance voting. The advance voting form is available on the company's website www.xspraypharma.com. The completed and signed voting form must be received by the company no later than Wednesday 10 May 2023. The completed and signed voting form may be submitted by post to Xspray Pharma, "General meeting", Råsundavägen 12, SE-169 67 Solna, Sweden or via e-mail to generalmeeting@xspray.com. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (i.e. the advance vote in its entirety) is invalid. Further instructions and conditions are included in the form for advance voting.

If a shareholder votes by proxy, a written and dated proxy shall be enclosed to the advance voting form. A proxy form is available on the company's website www.xspraypharma.com. If the shareholder is a legal entity, a certificate of registration or equivalent certificate of authority should be enclosed. If a shareholder has voted in advance and then attends the annual general meeting in person or through a proxy, the advance vote is still valid except to the extent the shareholder participates in a voting procedure at the annual general meeting or otherwise withdraws its casted advance vote. If the shareholder chooses to participate in a voting at the annual general meeting, the vote cast will replace the advance vote with regard to the relevant item on the agenda.

Nominee-registered shares

To be entitled to participate in the annual general meeting, in addition to providing notification of participation, a shareholder whose shares are held in the name of a nominee must register its shares in its own name so that the shareholder is recorded in the share register as of Monday 8 May 2023. Such registration may be temporary (so-called voting right registration) and is requested from the nominee in accordance with the nominee's procedures and such time in advance as the nominee determines. Voting right registrations completed no later than the second banking day after Monday 8 May 2023 are taken into account when preparing the register of shareholders.

Number of shares and votes

As per the date of this notice, there are a total of 22,680,408 shares outstanding in the company that entitle to one vote per share at the annual general meeting. As per the date of this notice, the company holds no treasury shares.

Proposed agenda

1. Opening of the annual general meeting
2. Election of a chairman of the meeting
3. Preparation and approval of the voting register
4. Approval of the agenda
5. Election of one or two persons to attest the minutes
6. Determination as to whether the meeting has been duly convened
7. Presentation of the annual report and auditor's report and, where applicable, the consolidated financial statements and auditor's report for the group
8. Resolutions regarding

- a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet,
- b) allocation of the company's profit or loss according to the adopted balance sheet,
- c) discharge from liability for board members and the managing director

- 9. Determination of the number of board members and auditors
- 10. Determination of fees for the board of directors and the auditors
- 11. Election of members of the board of directors

- a) Anders Ekblom (re-election)
- b) Anders Bladh (re-election)
- c) Maris Hartmanis (re-election)
- d) Torbjörn Koivisto (re-election)
- e) Christine Lind (re-election)
- f) Robert Molander (re-election)
- g) Carl-Johan Spak (re-election)

Election of the chairman of the board of directors
Anders Ekblom (re-election)

- 13. Election of auditors and, where applicable, deputy auditors
- 14. Resolution on principles for the appointment of the nomination committee
- 15. Resolution on guidelines for remuneration to executives and board members
- 16. Presentation of the board of directors' remuneration report for approval
- 17. Resolution on the board of directors' proposal regarding a long-term incentive program 2023 (LTI 2023) based on warrants and employee stock options, on:

- a) adoption of Option Programme 2023,
- b) issue and transfer of warrants to participants at a price corresponding to the market value, and
- c) issue and transfer of warrants to secure delivery of shares pursuant to the terms of the employee stock options.

- 18. Resolution to authorise the board of directors to issue new shares with deviation from the shareholders' preferential rights
- 19. Resolution to authorise the board of directors to issue new shares without deviation from the shareholders' preferential rights
- 20. Closing of the annual general meeting

Item 2, 9-13 – The nomination committee's proposal to the annual general meeting 2023

The nomination committee of Xspray Pharma which consists of Anders Ekblom (chairman of the board), Thomas Eldered (appointed by Flerie Invest AB), Johan Gyllenswärd (appointed by Ribbskottet AB), Gillis Cullin (appointed by Östersjöstiftelsen) and Jan Särilvik (appointed by the Fourth Swedish National Pension Fund), proposes the following:

- that Dain Hård Nevonen, member of the Swedish Bar Association, shall be appointed chairman of the general meeting,
- that the number of members of the board shall be seven (seven) without deputies,

- that an audit firm shall be appointed as auditor,
- that the directors' fees shall be paid with SEK 450,000 (420,000) to the chairman of the board, with SEK 225,000 (210,000) to each of the other ordinary board members, with SEK 110,000 (100,000) to the chairman of the audit committee and SEK 55,000 (50,000) to each of the other members of the audit committee, and with SEK 75,000 (75,000) to the chairman of the remuneration committee and SEK 35,000 (35,000) to each of the other members of the remuneration committee,
- that fee to the auditor shall be paid in accordance with approved statement of costs,
- that the board members Anders Ekblom, Anders Bladh, Maris Hartmanis, Torbjörn Koivisto, Christine Lind, Robert Molander and Carl-Johan Spak are re-elected as board members for the period until the end of the next annual general meeting,
- that Anders Ekblom is re-elected chairman of the board, and
- that KPMG AB is re-elected as audit firm, in accordance with the board's recommendation, whereby KPMG AB has informed that Duane Swanson will be auditor in charge.

Information regarding the individuals proposed by the nomination committee for re-election is available at the company's webpage and in the company's annual report 2022.

Item 8b – Allocation of the company's profit or loss according to the adopted balance sheet

The board of directors proposes that no dividends shall be executed for the financial year 2022.

Item 14 – Resolution on principles for the appointment of the nomination committee

The nomination committee proposes that the following principles for appointing the nomination committee shall be adopted.

The chairman of the board of directors shall contact the four largest shareholders or group of shareholders in the company in terms of votes, according to Euroclear Sweden AB's share register on 31 August. Each such shareholder shall be offered the opportunity to appoint a member who shall, together with the chairman of the board of directors, form the nomination committee. If any of these shareholders renounce from its right to appoint a representative, the right to appoint such representative shall pass to the largest shareholder in turn in terms of votes which is not already entitled to be represented on the nomination committee. The procedure shall continue until the nomination committee consists of four members, excluding the chairman of the board of directors, if this can be achieved after contacts with the ten largest shareholders and shareholders with a shareholding of three percent or more, as applicable, after which the thereby appointed members shall form the committee. The chairman of the nomination committee shall be the member who represents the largest shareholder in terms of votes, unless the members agree otherwise. The chairman of the board of directors may not be chairman of the nomination committee.

The chairman of the board of directors shall convene the nomination committee to its first meeting and shall, as a part of the nomination committee's work, report to the nomination committee such circumstances regarding the work of the board of directors and the need for special competences etc. that may be of importance for the work of the nomination committee. The composition of the nomination committee shall be announced as soon as the nomination committee has been formed and, in all events, no later than six months before the

next annual general meeting. The members of the nomination committee are appointed for a term starting upon announcement of the composition of the nomination committee and running until a new nomination committee has been appointed.

In the event that the ownership structure of the company is changed after 31 August but before announcement of the nomination committee's complete proposals, and if a shareholder that after this change has become one of the four largest shareholders in the company in terms of votes makes a request to the chairman of the nomination committee to be part of the nomination committee, this shareholder shall have the right to appoint an additional member of the nomination committee. The nomination committee may further resolve that a member who has become significantly smaller than the fourth largest shareholder in the company in terms of votes shall resign from the nomination committee, if deemed appropriate.

If a member of the nomination committee resigns during the term of office or otherwise is unable to continue as member, the nomination committee shall request the shareholder that had appointed that member to, within reasonable time, appoint a new member. If the shareholder renounces its right to appoint a member, the right to appoint such new member shall pass on to the largest shareholder in turn in terms of votes which is not already represented on, or has renounced its right to appoint a member to the nomination committee. Changes to the composition of the nomination committee shall be announced as soon as they occur.

The nomination committee shall prepare proposals in respect of the following issues for the next annual general meeting to resolve upon:

- chairman of the annual general meeting,
- members of the board of directors,
- chairman of the board of directors,
- remuneration to the board of directors, distributed between the chairman of the board of directors and the other members of the board of directors,
- remuneration to the members of the remuneration committee and the audit committee, (if applicable),
- election of auditor,
- remuneration to the auditor, and
- in so far as it seems appropriate, changes to the instruction in force for the nomination committee.

Remuneration shall not be paid to the members of the nomination committee. However, the company shall reimburse any costs that may arise in connection with the nomination committee's work, for example costs related to external consultants, which are deemed necessary by the nomination committee in order for the nomination committee to be able to fulfil its assignment.

These instructions shall remain in force until the general meeting resolves otherwise.

Item 15 – Resolution on guidelines for remuneration to executives and board members

The board of directors proposes that the annual general meeting adopts the following guidelines on remuneration to members of group management and board members.

The board of directors' proposal for guidelines for remuneration to executives and board members

The company's board members and members of the executive management, including the CEO, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2023. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is the following.

Xspray Pharma AB is a product development company with multiple product candidates in clinical development. Xspray uses its innovative, patented HyNap technology to develop improved versions of marketed drugs, primarily protein kinase inhibitors (PKIs) for the treatment of cancer. The segment is the largest in oncology, and drug prices are very high. The company's innovative technology allows Xspray Pharma to gain entry as the first competitor to today's original drugs before the secondary patents expire. For more information regarding the company's business strategy, please see www.xspraypharma.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Long-term share and share-price related incentive plans have been implemented in the company. The plans include among other members of the executive management, including the CEO, employees in the company, and certain board members. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. Previous long-term share and share-price related incentive plans have been, and future long-term share and share-price related incentive plans will be, resolved upon by the general meetings and are therefore excluded from these guidelines.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The fulfilling of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 50 per cent of the fixed annual cash salary.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 per cent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the remuneration committee.

For members of the executive management, pension benefits, including health insurance (Sw. *sjukförsäkring*), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw. *sjukvårdsförsäkring*) and company cars. Such benefits may amount to not more than 15 per cent of the fixed annual cash salary.

Termination of employment

If notice of termination of employment is made by the company, the notice period may not exceed nine months. Severance pay may only be paid in case of certain specific and pre-defined events, whereby the severance pay may not exceed twelve months' fixed salary. If notice of termination of employment is made by the executive, the notice period may not exceed six months and the executive shall not be entitled to severance pay, unless in case of certain specific and pre-defined events in which case the company shall be able to extend the notice period up to nine months and make severance payments up to twelve months' fixed salary.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 per cent of the average monthly income during the last twelve months before the termination and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. The performance criteria are recommended by the remuneration committee and decided by the board on an annual basis. The criteria can be linked to the development of the company's share price and/or the development and progression of the company's product candidates. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been fulfilled shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation of the remuneration to the members of the executive management, including the CEO. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary, and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of significant changes to the guidelines

No significant changes have been made to these proposed guidelines, compared to previously adopted guidelines. The changes that have been made are mainly an adjustment of the pension premiums for premium defined pension.

Item 17 – Resolution on the board of directors' proposal regarding a long-term incentive program 2023 (LTI 2023) based on warrants and employee stock options

The board of directors proposes that the annual general meeting resolves in accordance with the board of directors' proposal to adopt a long-term incentive program for employees within

Xspray Pharma AB (publ) (“**Option Programme 2023**” and “**Xspray Pharma**”, respectively) in accordance with items 17(a) – 17(c) below. The resolutions under the items are proposed to be conditional upon each other. The Option Programme 2023 is proposed to include a maximum of 29 employees within Xspray Pharma.

Proposal regarding the adoption of Option Programme 2023 (item 17(a))

The programme in brief

The Option Programme 2023 comprises a combination of warrants and employee stock options and shall be offered to employees within Xspray Pharma. For each warrant that an employee acquires at a price corresponding to the market value, two employee stock options are received free of charge in accordance with what is set out below. One employee of Xspray Pharma located in the United States is entitled to receive up to 15,000 employee stock options without acquiring warrants. The warrants and the employee stock options shall have the same exercise price for obtaining of shares and shall be able to be exercised after approximately 3 years, after which the holder is entitled to exercise the options to subscribe for shares during a period of one month.

The board of directors therefore proposes that the annual general meeting resolves on the issue and transfer of a maximum of 298,728 warrants, of which a maximum of 94,576 warrants may be transferred to participants at a price corresponding to the market value and a maximum of 204,152 warrants may be transferred in order to secure delivery of shares upon exercise of the employee stock options. The right to subscribe for warrants shall vest with Xspray Pharma, which shall transfer the warrants at a price corresponding to the market value to entitled participants or hold the warrants to ensure delivery of shares upon exercise of employee stock options to participants. Each warrant and employee stock option entitles the holder to subscribe for one share in Xspray Pharma. The warrants are issued free of charge to Xspray Pharma and the last day for allotment to the participants according to the Option Programme 2023 shall be the day before the annual general meeting of Xspray Pharma 2024.

Below is a description of the terms and conditions for the warrants and the employee stock options.

Warrants

The company shall be able to transfer warrants to participants at a price corresponding to the market value of the warrants (i.e. the warrant premium) at the time of the offer. Warrants can be transferred to employees who have entered into a repurchase agreement with Xspray Pharma. The warrants are transferred to participants, current or new, on one occasion until the day before the annual general meeting of Xspray Pharma 2024.

The warrants can be exercised for subscription of shares during the period from 15 June 2026 up to and including 15 July 2026. Each warrant entitles the holder to subscribe for one new share in Xspray Pharma at a subscription price corresponding to 200 per cent of the volume weighted average share price during the 5 trading days immediately prior to the transfer of the warrants, however, as a minimum, the quota value of the share.

The issued warrants may, with deviation from the shareholders' preferential rights, be subscribed free of charge by Xspray Pharma after which the warrants shall be transferred to the participants. The transfer of the warrants shall be made at a price corresponding to the market value of the warrants (the warrant premium) at the time of the transfer, calculated according to the Black & Scholes valuation model. The valuation of the warrants shall be made by an appraiser or audit firm. In connection with the transfer of warrants to the participants, the company shall reserve the right to repurchase the warrants if the participant's employment or assignment within the group ceases or if the participant in turn wishes to transfer the warrants before the warrants can be exercised according to the terms and conditions that apply to the warrants.

Employee stock options

The company will allot employee stock options to employees, provided that they have acquired warrants in accordance with what is set out above. One employee of Xspray Pharma located in the United States is entitled to receive up to 15,000 employee stock options without acquiring warrants. For each acquired warrant, two employee stock options are offered free of charge. Each option entitles the employee to acquire one share in Xspray Pharma in accordance with the following terms and conditions:

- The employee stock options will be allotted free of charge.
- Allotment requires that an acquisition of employee stock options can take place legally and that, according to the board of director's assessment, it can be carried out with reasonable administrative and financial efforts. The last day for allotment of employee stock options shall be the day before the annual general meeting 2024.
- Each employee stock option that is transferred entitles the holder to acquire one share in the company, provided that the participant, with certain exceptions, is still employed within the group until the employee stock options can be exercised in accordance with its terms, at an exercise price corresponding to 200 per cent of the volume weighted average share price during the 5 trading days immediately preceding the respective allotment of the employee stock options, however, as a minimum, the quota value of the share (the intention is that the exercise price shall correspond to the exercise price for the warrants acquired at the same time, as applicable, in accordance with what is set out above).
- The employee stock options are vested over a period of approximately three years from the time when allotment to the participants has taken place and may be exercised by the holder to subscribe for shares during the period 15 June 2026 to 15 July 2026.
- The employee stock options shall not constitute securities and may not be transferred or pledged.

Recalculation due to split, consolidation, new share issue, etc.

The exercise price of the options, determined as set out above, shall be rounded to the nearest SEK 0.10, whereby SEK 0.05 shall be rounded downwards. The exercise price and the number of shares that each warrant and employee stock option, respectively, entitles to subscription for shall be recalculated in the event of a split, consolidation, new share issue and paid dividends etc. in accordance with market practice. Upon full exercise of all employee stock options and warrants, the share capital will increase by SEK 298,728.

Preparation of the proposal, design and administration

The board of directors, or a special committee set up by the board, shall be responsible for preparing the detailed design and administration of the terms and conditions of the Option Programme 2023, in accordance with the presented terms and guidelines including provisions on recalculation in the event of a split, consolidation, new share issue and paid dividends etc. in accordance with market practice. In connection therewith, the board of directors shall be entitled to make adjustments to meet specific foreign regulations or market conditions. The board of directors shall also be entitled to make other adjustments if significant changes occur in the Xspray Pharma group or in its environment that would result in that the adopted terms for the Option Programme 2023 no longer fulfils their objectives.

Allocation of warrants and employee stock options

The right to receive warrants shall accrue to employees who have entered into a repurchase agreement with Xspray Pharma. For each acquired warrant, the employee receives two employee stock options free of charge. The maximum allocation of the total number of warrants and employee stock options is set out below. In the event of oversubscription within a category, the number of options is reduced pro rata based on how many options each participant has signed up to subscribe for. However, no participant shall receive more warrants than the options per person/category stated below. The company's board of directors shall not be eligible to participate in the Option Programme 2023.

Category	Maximum number of persons	Maximum number of warrants and employee stock options (ratio 1:2) within the category	Maximum number of warrants and employee stock options (ratio 1:2) per person within the category
Category 1 (CEO)	1	37,830 75,660	37,830 75,660
Category 2 (senior executives and senior employees)	11	37,830 75,660	18,915 37,830
Category 3 (other employees)	15	18,916 37,832	3,783 7,566

In addition to what is set out above, one employee of Xspray Pharma located in the United States is entitled to receive up to 15,000 employee stock options each without acquiring warrants.

Scope and costs for the Option Programme 2023

The transfer of the warrants shall be made at a price corresponding to the market value of the warrants at the time of the transfer, which entails that no social security contributions shall arise for the group in connection with the transfer of the warrants. The market value of the warrants amounts to, in accordance with a preliminary valuation, made based on a market value on the underlying share corresponding to SEK 77.50, SEK 9.80 per warrant, assuming an exercise price of SEK 155.0 per share. The Black & Scholes valuation model has been used for valuation of the warrants, assuming a risk-free interest of 3.00 per cent and a volatility of 45 per cent.

Costs related to the employee stock options are estimated to amount to SEK 1.7 million, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 204,152 employee stock options are allotted, (ii) that the share price, at the beginning of the Option Programme 2023, is SEK 77.50 per share, and (iii) an estimated annual turnover of personnel of 5 per cent. Based on the same assumptions as above, and subject to social contributions of 31.42 per cent, and a share price increase of 150 per cent from the start of the Option Programme 2023 until the employee stock options are exercised, the costs for social contributions are estimated to amount to SEK 2.1 million. The total cost, including costs according to IFRS 2, is therefore estimated to a maximum of SEK 1.27 million per year.

Dilution and effects on key ratios

Upon maximum allotment of warrants and employee stock options, a maximum of 298,728 shares will be allotted to participants pursuant to the Option Programme 2023 and the dilution effect will amount to approximately 1.30 per cent of the number of shares and votes in the company. The dilution of shares is based on full dilution. If all outstanding incentive programmes in the company are included in the calculation, including the now proposed program, the maximum dilution amounts to approximately 4.10 per cent.

The Option Programme 2023 is expected to have a marginal impact on the company's key ratios.

Delivery of warrants and shares pursuant to the Option Programme 2023

In order to ensure delivery of warrants and shares in accordance with the Option Programme 2023, the board of directors proposes that the annual general meeting resolves on the issue and exercise of warrants in accordance with items 17(b) and 17(c) below.

Proposal regarding issue and transfer of warrants to participants at a price corresponding to the market value (item 17(b))

The board of directors proposes that the company shall issue not more than 94,576 warrants for subscription of shares, whereby the company's share capital may be increased by not more than SEK 94,576.

The right to subscribe for warrants shall only vest with Xspray Pharma, with the right and obligation to dispose of the warrants as described above, primarily with regard to transfer to participants in the Option Programme 2023. Each warrant entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Xspray Pharma. There can be no over-allotment. Subscription of warrants shall be made on the subscription list until 28 May 2023. The board of directors has the right to extend the subscription period.

Proposal regarding issue and transfer of warrants to secure delivery of shares pursuant to the terms of the employee stock options (item 17(c))

The board of directors proposes that the company shall issue not more than 204,152 warrants to secure the delivery of shares pursuant to the terms of the employee stock options, of which the company's share capital may be increased by a maximum of SEK 204,152.

The right to subscribe for warrants shall only vest with Xspray Pharma, with the right and obligation to dispose of the warrants as described above with regard to transfer to participants in the Option Programme 2023 or, alternatively, a financial intermediary, upon exercise of the warrants. Each warrant entitles the holder to subscribe for one share. The warrants shall be issued free of charge to Xspray Pharma. There can be no over-allotment. Subscription of warrants shall be made on the subscription list until 28 May 2023. The board of directors has the right to extend the subscription period.

The background and rationale for the proposal

The purpose of the Option Programme 2023 is to create the conditions for motivating and retaining competent employees within the Xspray Pharma group and to increase the coherence between the employees', shareholders' and the company's objectives, as well as to increase the motivation to reach and exceed the company's targets. The Option Programme 2023 has been designed so that the programme includes both current and future senior executives.

By offering options that are based on the share price development, the participants are premised for increased shareholder value. The Option Programme 2023 also rewards employees' continued loyalty and thus the long-term value growth of the company. After these considerations, the board of directors considers that the Option Programme 2023 will have a positive effect on the future development of the Xspray Pharma group and will consequently be beneficial for both the company and its shareholders.

Preparation of the matter

The Option Programme 2023 has been prepared by the company's board of directors and its remuneration committee in consultation with external advisors. The Option Programme 2023 has been discussed by the board of directors at a meeting held in April 2023.

The board of directors, or any person appointed by the board of directors, shall be authorised to make minor adjustments of the resolution adopted by the annual general meeting in order to fulfil the registration with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

Previous incentive programmes in Xspray Pharma

For a description of the company's other long-term incentive programmes, please refer to the company's annual report for 2022, note 7, and the company's website, www.xspraypharma.com. In addition to the incentive programmes described therein, there are no other long-term incentive programmes in Xspray Pharma.

Item 18 – Resolution to authorise the board of directors to issue new shares with deviation from the shareholders' preferential rights

The board of directors proposes that the annual general meeting resolves to authorise the board of directors, at one or several occasions and for the period until the next annual general meeting, with deviation from the shareholders' preferential rights, to increase the company's share capital by issuing new shares. Such share issue resolution may be made with or without provisions for contribution in kind or set-off or other conditions. The authorisation may only be utilised to the extent that the number of shares issued by virtue of the authorisation corresponds to not more than 20 per cent of the total number of shares outstanding at the time of the general meeting's resolution on the proposed authorisation.

The purpose of the authorisation is to increase the financial flexibility of the company and the general flexibility of the board of directors. Should the board of directors resolve on share issue by virtue of the authorisation, the reason for this shall be to ensure the company's continued development, finance an acquisition of operations, to procure capital to finance the development of projects or to potentially broaden the shareholder base. Such share issue shall be made at market terms and conditions.

The CEO is authorised to make such minor adjustments to this decision that may be necessary in connection with the registration.

Item 19 – Resolution to authorise the board of directors to issue new shares without deviation from the shareholders' preferential rights

The board of directors proposes that the annual general meeting resolves to authorise the board of directors, at one or several occasions and for the period until the next annual general meeting, without deviation from the shareholders' preferential rights, to increase the company's share capital by issuing new shares. Such share issue resolution may be made with or without provisions for contribution in kind or set-off or other conditions.

The purpose of the authorisation is to increase the financial flexibility of the company and the general flexibility of the board of directors.

The CEO is authorised to make such minor adjustments to this decision that may be necessary in connection with the registration.

Majority requirements

A resolution in accordance with item 17b and 17c above requires approval of at least nine tenths (9/10) of the votes cast and the shares represented at the annual general meeting. A resolution in accordance with item 18 above requires approval of at least two thirds (2/3) of the votes cast and the shares represented at the annual general meeting.

Other information

The shareholders are reminded of their right to, at the annual general meeting, obtain information from the board of directors and CEO in accordance with Chapter 7 Section 32 of the Swedish Companies Act. Shareholders who wish to submit questions in advance may do so by sending post to via email to generalmeeting@xspray.com, or by post to Xspray Pharma, "General meeting", Råsundavägen 12, SE-169 67 Solna, Sweden.

The annual report and the auditor's report for the financial year 2022, the board of directors' remuneration report and all other documentation for resolutions will be held available at the company's office on Råsundavägen 12, SE-169 67 Solna, Sweden, and on the company's webpage www.xspraypharma.com, at least three weeks before the meeting. Further, the nomination committee's proposal and motivated statement will be available on the address stated above as well as on the website stated above at least four weeks before the meeting. Copies of the documents will be sent to the shareholders who so request and who inform the company of their postal address. The company has its registered office in Solna.

For information on how your personal data is processed, see the integrity policy that is available at Euroclear Sweden AB's webpage www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf.

This is an unofficial translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

Solna, April 2023

Xspray Pharma AB (publ)

The board of directors

For further information, please contact:

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About Xspray Pharma

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

The company's innovative technology provides a window of opportunity for Xspray Pharma to gain entry as the first competitor to the original drugs before the secondary patents expire and the market opens to standard generics. Xspray Pharma's goal is to become a leading developer of improved versions of already marketed PKIs for cancer treatment, which amounted to a total of approximately 80 drugs on the US market in 2022.

The company has patented manufacturing technology, equipment, and the resulting products. The shares in Xspray Pharma are traded on Nasdaq Stockholm (Nasdaq Stockholm: XSPRAY). www.xspraypharma.com

Attachments

[Notice of annual general meeting of Xspray Pharma AB \(publ\)](#)