



Notice of extraordinary general meeting in Xspray Pharma AB (publ)

The shareholders of Xspray Pharma AB (publ), reg. no. 556649-3671 are hereby summoned to attend the extraordinary general meeting ("EGM") on Wednesday 28 November 2018 at 10.00 a.m. CET at Advokatfirman Cederquist's premises on Hovslagargatan 3 in Stockholm, Sweden.

Right to participate

Those who have been recorded as shareholders in the share register kept by Euroclear Sweden AB as per Thursday 22 November 2018, and who no later than on Thursday 22 November 2018, have given notice to the company of their intent to participate at the EGM, shall have the right to participate at the EGM. Notice to participate shall be made in writing to the address Xspray Pharma AB (publ), Råsundavägen 12, SE-169 67 Solna or by e-mail to karin.krylborn@xspray.com. The notice shall contain the shareholder's name, address, personal identity number or registration number and daytime telephone number and, where applicable, the number of advisors (maximum two).

Shareholders whose shares are nominee-registered must, through the nominee, temporarily register their shares in their own names in the share register kept by Euroclear Sweden AB in order to be entitled to participate in the EGM. Such registration must be effected on Thursday 22 November 2018, and should be requested well in advance.

Power of attorney, representative etc.

If a shareholder wishes to be represented by proxy, a power of attorney shall be issued to the representative. The power of attorney shall be made in writing, dated and duly signed by the shareholder. If the shareholder is a legal entity, a copy of the registration certificate or, if no such document exists, equivalent documentation shall be included with the notification. The documentation shall evidence the right for the person that has signed the power of attorney to appoint a proxy for the legal entity. To facilitate registration at the EGM, the power of attorney shall be provided in original as well as the registration certificate and other documents of authority to the company well in advance of the EGM. If the power of attorney and the other authorisation documents have not been submitted in advance, the power of attorney in original form and other authorisation documents must be presented at the EGM. Power of attorney forms are available at the company's premises and on the company's website, www.xspraypharma.com, and will be sent upon request to any shareholder who states their postal address.



Proposed agenda

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of the voting register
4. Election of one or two persons to verify the minutes
5. Determination as to whether the meeting has been duly convened
6. Approval of the agenda
7. Resolution regarding long-term incentive programme 2018 (LTI 2018) and issue of warrants
8. Closing of the meeting

Proposals

Item 7 – Resolution regarding long-term incentive programme 2018 (LTI 2018) and issue of warrants

The purpose to adopt the LTI 2018

The purpose of LTI 2018 is to connect a major part of the employees in Xspray Pharma's remuneration with Xspray Pharma and Xspray Pharma's long term value creation and align the employees' interests with those of the shareholders. LTI 2018 will be a significant programme for Xspray Pharma to motivate and keep the best talents, which is important for Xspray Pharma to reach long-term value creation for the shareholders.

Issue of warrants / allocation of warrants

The Board of Directors proposes the EGM to resolve on an issue of a maximum of 234,505 warrants, entailing an increase of the share capital, at full exercise, of maximum SEK 234,505. Each warrant shall entitle to subscription for one (1) share.

LTI 2018 includes around 17 persons. The company's board members shall not be included in LTI 2018. The right to subscribe for warrants shall, by way of deviation from the preferential right of the shareholders, be vested in the CEO, senior executives and other employees as stated below who are employed by the company or has entered into employee agreements with Xspray Pharma during the subscription period. Over-subscription is not possible.

Category	Maximum number of warrants per person/category
A. CEO	31,267/31,267
B. Vice president / Senior executives (appr. 11 persons)	23,437/148,520
C. Other employees (appr. 5 persons)	15,625/54 718

The reason for deviating from the shareholders' preferential right is to implement an incentive programme and thereby a remuneration structure which connects a major part of the key employees in Xspray Pharma's remuneration with Xspray Pharma and Xspray Pharma's long term value creation and align the employees' interests with those of the shareholders. LTI 2018 will be a significant programme for Xspray Pharma to motivate and keep the best talents, which is important to Xspray Pharma to reach long-term value creation for the shareholders.

Subscription of warrants shall be made on a subscription list, from and including 6 December 2018 up to and including 13 December 2018. Payment shall be made in connection with the subscription. The Board of Directors have the right to extend the subscription period and the payment period.

Each warrant shall entitle to subscription for one (1) share in the company. Subscription for shares in accordance with the terms of the warrants is possible during the period from and including 1 December 2021 up to and including 17 January 2022.

The subscription price per share shall correspond to around 170 per cent of the calculated volume-weighted average price for each trading day for Xspray Pharma's share according to Nasdaq First North's official exchange list for the share during five trading days after the disclosure of the company's interim report for the period July-September 2018, rounded to the nearest full ten cents (Sw. öre) whereby five cents shall be rounded up. The subscription price and number of shares in which each warrant carries an entitlement to subscribe for shall be recalculated in the event of split or reversed split of shares, new issue of shares etc. in accordance with market practice.

Shares subscribed for by exercise of the warrants shall entitle to dividend for the first time on the first record date for dividend which occurs after the subscription of shares, by exercising the warrants, is executed.

The Board of Directors, or the person appointed by the Board of Directors, is proposed to be authorised to make minor adjustments to the resolution mentioned above, as may be required in connection with the registration of the resolution with the Swedish Companies Registration Office (Sw. *Bolagsverket*).



Other terms are stated in the complete warrant terms.

Terms and conditions

The warrants shall be subscribed for on market terms at a price (premium) established on the basis of a market value of the warrants calculated by an independent valuation institute using the Black & Scholes valuation model. The value has preliminary been calculated to SEK 6.40 per warrant based on a subscription price per share of SEK 147.60.

The company will subsidize the participant's premium with an amount corresponding to the premium earnings. The subsidy shall be paid in connection to the allotment of warrants to the participants. The total cost for the subsidy, based on assumptions of the value of the warrants as set out above, is calculated to amount to up to SEK 1.5 million including social security fees, for the entire term of the warrant programme of three years. Accrued payroll taxes due to the bonus shall be paid by each participant.

In order to be eligible for the subsidy the participant shall, at the time of the payment of the bonus, be an employee of the company and remain employed in the company during three years (the subsidy will otherwise be prorated) and not have transferred his or her warrants.

Pre-emption and termination of employment

A condition for a participant to be offered to subscribe for warrants, is that these persons have previously entered into a pre-emption agreement in which the participant shall be obligated to offer all warrants to the company, or in partial, if the employment is terminated or if the warrants shall be transferred or disposed to a third party.

Dilution

The participants of LTI 2018 have the right to acquire the total number of warrants which by exercise for subscription of new shares, provided full exercise of outstanding warrants from previous resolved incentive programmes, corresponds to approximately 1.63 per cent of the share capital and votes after dilution (subject to potential recalculation in accordance with the terms and conditions of the warrants).

Impact of financial ratios and costs for the company etc.

LTI 2018 is expected to have a marginal impact on the company's financial ratios. The costs before taxes for the company associated with LTI 2018, including the subsidy, includes administrative costs and costs relating to social security fees. The total cost of LTI 2018, assuming full participation, is expected to amount to approximately SEK 1.5 million during a period of three years.

Preparation of the matter

The principles of LTI 2018 have been prepared by the Board of Directors of the company. The proposal



has been prepared with the assistance of external advisors and after consultation with shareholders.

Other share related incentive programmes etc.

The company has, as of previously, two share related incentive programmes. The first warrant programme includes 255,000 warrants at an exercise price of SEK 25.00 per share. These warrants may be exercised no later than on 21 January 2021. The second warrant programme includes 199,591 warrants which may be exercised no later than on 30 August 2020 with a subscription price of SEK 49.30. For information on the existing incentive programmes, please see note 12 in the annual report.

MISCELLANEOUS

Majority requirements

The resolution under item 7 is valid only if supported by shareholders holding not less than nine-tenths of the votes casted and the shares represented at the EGM.

Documentation

Complete proposals appear above. Other documents before the EGM will be available at the company's premises and at the company's website, www.xspraypharma.com, no later than on Wednesday 7 November 2018, and will be sent to those shareholders who so request and state their address and email address.

Number of shares and votes

As of the date of this notice, the total number of shares and votes in the company are 13,706,460. The company does not hold any treasury shares.

Solna in October 2018
Xspray Pharma AB (publ)
The Board of Directors