



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

The shareholders of Xspray Pharma AB (publ), Reg. No. 556649-3671, are summoned to an extraordinary general meeting on Thursday 26 March 2020 at 16.00 CET at Advokatfirman Vinge's office on Stureplan 8 in Stockholm. Registration starts at 15.30 CET.

### Right to attend the general meeting

Shareholders who wish to attend the general meeting must:

- be registered in the share register maintained by Euroclear Sweden AB on Friday 20 March 2020, and must also
- notify the company of their intention to attend the meeting, no later than on Friday 20 March 2020.

The notification must be made in writing by e-mail to [generalmeeting@xspray.com](mailto: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, day time telephone number and information about the attendance of any assistants (maximum two) and, if applicable, information about any proxies. Information submitted in connection with the notification will be computerised and used exclusively for the general meeting. See below for additional information on the processing of personal data.

### Proxy

Shareholders represented by proxy must submit a dated power of attorney. If the power of attorney is executed by a legal person, a certified copy of the certificate of registration or equivalent should be attached. The power of attorney and the certificate of registration may not be older than one year, however, the power of attorney may be older provided that the power of attorney according to its wording is valid for a longer period, although, not more than five years. The original power of attorney and the certificate of registration should be sent to the company at the address mentioned above well in advance of the general meeting. A proxy form is available at the company's webpage, [www.xspraypharma.com](http://www.xspraypharma.com), and will also be sent to shareholders who so request and state their postal address.

### Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or a securities institution must re-register their shares in their own names in order to be entitled to attend the general meeting. Such registration, which may be temporary, must be duly effected in the share register maintained by Euroclear Sweden AB on Friday 20 March 2020, and the shareholders must therefore advise their nominees well in advance of this date.

### Number of shares and votes

As per the date of this notice, there are a total of 16,751,622 shares outstanding in the company that entitle to one vote per share at the extraordinary general meeting. As per the date of this notice, the company holds no treasury shares.

### Proposed agenda

1. Opening of the 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 of whether the meeting has been duly convened
7. Resolution regarding a long-term incentive programme 2020 (LTI 2020) and issue of warrants
8. Closing of the meeting

### Item 7 – Resolution regarding a long-term incentive programme 2020 (LTI 2020) and issue of warrants

#### *The purpose of LTI 2020*

The purpose of LTI 2020 is to connect a larger share of the employees in Xspray Pharma's remuneration with Xspray Pharma and Xspray Pharma's long term value creation and thus align the employees' interests with those of the shareholders. LTI 2020 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 79,074 warrants, entailing an increase of the share capital, at full exercise, of maximum SEK 79,074. Each warrant shall entitle to subscription for one (1) share.

LTI 2020 includes not more than five persons. The company's board members shall not be included in LTI 2020. The right to subscribe for warrants shall, by way of deviation from the preferential right of the shareholders, be vested in the certain senior executives and other persons 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
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39,538/39,538

1. CFO (1 person)

9,884/39,536

2. Other employees (4 persons)

The Board of Directors intention is to offer the participant in Category 1 (CFO) the right to acquire warrants for an amount of SEK 200,000 and participants in Category 2 (Other employees) the right to acquire warrants for an amount of SEK 50,000 per participant.

The reason for deviating from the shareholders' preferential right is to implement an incentive programme and thereby a remuneration structure which connects the remuneration for the key employees of Xspray Pharma to Xspray Pharma and its long-term value creation and thus also align the employees' interests with those of the shareholders. LTI 2020 will be a significant programme for Xspray Pharma to motivate and keep its key persons, 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 until and including 27 March 2020. 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 April 2023 up to and including 14 May 2023.

The subscription price per share shall correspond to 170 per cent of the volume-weighted average price for the company's share during the time period of five trading days immediately preceding the offer to subscribe for warrants, rounded to the nearest full ten cents (Sw. öre) whereby five cents shall be rounded up. However, the subscription price shall not be less than the share's quota value. The subscription price and number of shares in which each warrant carries an entitlement to 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 6.07 per warrant based on a subscription price per share of SEK 124.30.

The company will partly subsidize the participant's acquisition of warrants. The subsidy shall be paid in connection to the allotment of warrants to the participants. The total subsidy, prior to any payroll tax and including social security contributions on the subsidy, shall correspond to the participants' investment. The total cost for the subsidy, based on the above preliminary value of the warrants, is calculated to amount to up to SEK 400,000 including social security contributions, for the entire term of the warrant programme of three years. Accrued payroll taxes due to the bonus shall be paid by each participant. As a result of the scheme for the subsidy, Xspray Pharma's negative cash flow for paid subsidies and for social contributions on paid subsidies is expected to correspond to the positive cash flow in the form of payment of option premiums from the participants.

In order to be eligible for the subsidy, the participant shall, at the time of the payment of the bonus, be employed by the company and remain employed in the company during three years (the subsidy will otherwise be prorated) and not have transferred the participants' 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*

Based on the number of shares in Xspray Pharma as of the date of the notice to the extraordinary general meeting, the dilution effect due to LTI 2020 will amount to approximately 0.47 per cent. Also considering the number of shares that may be issued pursuant to previous implemented incentive programs in Xspray Pharma, the maximum dilution amount to approximately 4.27 per cent, if fully diluted.

#### *Impact of financial ratios and costs for the company etc.*

LTI 2020 is expected to have a marginal impact on the company's financial ratios. The costs before taxes for the company associated with LTI 2020, including the subsidy, includes administrative costs and costs relating to social security fees. The total cost of LTI 2020, assuming full participation, is expected to amount to SEK 400,000 during a period of three years.

#### *Preparation of the matter*

The principles of LTI 2020 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 programs etc.*

For a description of the company's other long-term incentive programs, please see note 16 in Xspray Pharma's annual report 2018 and the company's website, [www.xspraypharma.com](http://www.xspraypharma.com).

### **Majority requirements**

A resolution in accordance with item 7 above requires approval of at least nine tenths (9/10) of the shares represented and votes cast at the general meeting.

### **Other information**

The shareholders are reminded of their right to require information in accordance with Chapter 7 Section 32 of the Swedish Companies Act. Supporting documents, including the board of directors' complete proposal to item 7, will be held available at the company's office on Råsundavägen 12, SE-169 67 Solna, Sweden, and on the company's website, [www.xspraypharma.com](http://www.xspraypharma.com), no later than Thursday 5

March 2020. 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's webpage [www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

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*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, February 2020  
**Xspray Pharma AB (publ)**  
The Board of Directors

**For further information, please contact:**

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*The information was submitted for publication, through the agency of the contact person set out above, at 16.00 CET on 24 February 2020.*

**About Xspray Pharma**

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

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. Xspray's goal is to become the leader in the development of improved drugs or generic versions of PKIs already marketed for the treatment of cancer, which numbered to 54 in December 2019. 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), respectively. The launch of the first product candidate, HyNap-Dasa, 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 of semi-exclusivity before other competitors gain access to the market.

The company has patented manufacturing technology, equipment and the resulting products. The shares in Xspray Pharma are traded on Nasdaq First North Growth Market Stockholm.

[www.xspraypharma.com](http://www.xspraypharma.com)

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