

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

The shareholders of Xspray Pharma AB (publ), Reg. No. 556649-3671, are summoned to the annual general meeting on Thursday 14 May 2020 at 11.00 CEST at Advokatfirman Vinge's office on Stureplan 8 in Stockholm. Registration starts at 10.30 CEST.

Due to the current pandemic (covid-19), Xspray has taken a number of precautionary measures ahead of the annual general meeting aimed at keeping the meeting short and efficient and reduce the risk of spreading the virus. No food or drinks will be served before or after the annual general meeting. The CEO will not hold any address in the meeting venue, an address will instead be made available at Xspray's website on the day of the annual general meeting. Xspray is encouraging all shareholders to vote in advance (see further information below).

Right to attend the annual general meeting

Shareholders who wish to attend the annual general meeting must:

- be registered in the share register maintained by Euroclear Sweden AB on Friday 8 May 2020, and must also
- notify the company of their intention to attend the meeting, no later than Friday 8 May 2020.

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, 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 annual 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, 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 8 May 2020, and the shareholders must therefore advise their nominees well in advance of this date.

Advance voting

The shareholders may exercise their voting rights at the general meeting by voting in advance, so called postal voting in accordance with section 3 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Xspray encourages the shareholders to use this opportunity in order to minimise the number of participants attending the general meeting in person and thus reduce the spread of the Corona virus infection.

A special form shall be used for advance voting. The form is available on www.xspraypharma.com. A shareholder who is exercising its voting right through advance voting do not need to notify the company

of its attendance to the general meeting. The advance voting form is considered as the notification of attendance to the general meeting.

The completed voting form must be submitted to Xspray no later than Friday 8 May 2020. The completed and signed form shall be sent to the address stated under “Right to attend the annual general meeting” above. A completed form may also be submitted electronically and is to be sent to generalmeeting@xspray.com. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the form. The same apply for shareholders voting in advance by proxy. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote is invalid.

Further instructions and conditions are included in the form for advance voting

Number of shares and votes

As per the date of this notice there are a total of 16,751,622 shares outstanding for 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. Election of a chairman of the meeting
2. Preparation and approval of the voting register
3. Election of one or two persons to attest the minutes
4. Determination of whether the meeting was duly convened
5. Approval of the agenda
6. Presentation of the annual report and auditor’s report and, where applicable, the consolidated financial statements and auditor’s report for the group
7. 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.
8. Determination of the number of board members and auditors
9. Determination of fees for the board of directors and the auditors
10. Election of members of the board of directors
 - 10.1 Michael Wolff Jensen (re-election)
 - 10.2 Maris Hartmanis (re-election)
 - 10.3 Carl-Johan Spak (re-election)
 - 10.4 Torbjörn Koivisto (re-election)
 - 10.5 Gunnar Gårdemyr (re-election)
 - 10.6 Christine Lind (re-election)
11. Election of the chairman of the board of directors
Michael Wolff Jensen (re-election)
12. Election of auditors and, where applicable, deputy auditors
13. Resolution on principles for the appointment of the nomination committee
14. Resolution on guidelines for remuneration to executives and board members
15. Resolution to authorise the board of directors to issue new shares
16. Closing of the meeting

Item 1, 8-12 – The nomination committee’s proposal to the annual general meeting 2020

The nomination committee of Xspray Pharma AB (publ) which consists of Michael Wolff Jensen (chairman of the board), Gillis Cullin (appointed by Östersjöstiftelsen), Anders Bladh (appointed by Ribbskottet AB) and Jan Dworsky (appointed by the Swedbank Robur Fonder), 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 six (seven) without deputies,
- that an audit firm shall be appointed as auditor,
- that the directors' fees shall be paid with SEK 350,000 (250,000) to the chairman of the board, with SEK 175,000 (125,000) to each of the other ordinary board members, with SEK 45,000 (30,000) to the chairman of the audit committee and SEK 20,000 (15,000) to each of the other members of the audit committee, and with SEK 30,000 (30,000) to the chairman of the remuneration committee and SEK 15,000 (15,000) 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 Michael Wolff Jensen, Maris Hartmanis, Carl-Johan Spak, Torbjörn Koivisto, Gunnar Gårdemyr and Christine Lind are re-elected as board members for the period until the end of the next annual general meeting. Hans Arwidsson has declined re-election,
- that Michael Wolff Jensen 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 2019.

Item 7b – 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 2019.

Item 13 – Resolution on principles for the appointment of the nomination committee

The nomination committee proposes that the annual general meeting resolves on materially unchanged principles for appointing the nomination committee, in accordance with the following.

The chairman of the board shall contact the three largest shareholders of the company in terms of votes, according to Euroclear Sweden AB's share register on 30 September. Each such shareholder shall be offered the opportunity to appoint a member who shall, together with the chairman of the Board, 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 three members, excluding the chairman of the board, 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 may not be chairman of the nomination committee.

The chairman of the board 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 30 September but before announcement of the nomination committee's complete proposals, and if a shareholder that after this change has become one of the three 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 third 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 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 procedures in force for the nomination committee.

No remuneration shall be paid to members of the nomination committee.

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

Item 14 – 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 members of the executive management, including the CEO, and board members 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 2020. 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 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. 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 others 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 satisfaction 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 percent 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 the CEO, 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 25 per cent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium defined. The pension premiums for premium defined pension shall amount to not more than 35 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 satisfied 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.

Remuneration to board members

Remuneration to board members for their work in the board of directors of Xspray shall be resolved upon by the general meeting. The board of directors are only entitled to remuneration resolved by the general meeting. However, board members may receive additional remuneration for services board members provide to Xspray within their respective areas of expertise in addition to their duties as board members. Such remuneration shall be on market terms and based in a consultancy agreement approved by the board of directors.

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.

Item 15 – Resolution to authorise the board of directors to issue new shares

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, to increase the company's share capital by issuing new shares. Such share issue resolution may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind or set-off or other conditions. The authorisation may only be utilized to the extent that it corresponds to a dilution of not more than 10 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 a share issue with deviation from the shareholders' preferential rights, 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. Upon such deviation from the shareholders' preferential rights, the new 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.

Majority requirements

A resolution in accordance with item 15 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 require information in accordance with Chapter 7 Section 32 of the Swedish Companies Act. The annual report and the auditor's report for the financial year 2019, 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'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 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 [●] CEST on [14] April 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 Tasigna® (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 AB are traded on Nasdaq Stockholm.