

The nomination committee's complete proposal regarding a long-term incentive program for the chairman of the board proposed by the nomination committee (Chairman of the Board LTI 2021) and the issue of warrants

The purpose of Chairman of the Board LTI 2021

The program is directed for the by the nomination committee proposed chairman of the board in the company. The nomination committee considers that a share-related incentive program is an important part of a competitive remuneration in order to attract, retain and motivate an internationally qualified chairman of the board, which is important for Xspray Pharma to reach long-term value creation for the shareholders.

Issue of warrants / allocation of warrants

The principle of the warrant program is that the proposed chairman, subject to that he is elected by the general meeting, by private means acquires warrants issued by the company, which are vested during a five-year period. Technically, all warrants are issued when the chairman takes office, but the company has the right to repurchase 20% of the warrants for each year of which the chairman does not remain in office during a five-year period. The purpose is for the chairman to have strong incentives to remain in office and work for the company on a long-term basis.

The nomination committee proposes the annual general meeting to resolve on an issue of a maximum of 13,214 warrants, entailing an increase of the share capital, at full exercise, of maximum SEK 13,214. Each warrant shall entitle to subscription for one (1) share.

Chairman of the Board LTI 2021 includes one person, the chairman of the board, as proposed by the nomination committee, who shall thus have the right to subscribe for all 13,214 warrants. The right to subscribe for warrants shall, by way of deviation from the preferential right of the shareholders, only accrue to the chairman of the board proposed by the nomination committee. Thus, over-subscription is not possible.

The reason for deviating from the shareholders' preferential right is to be able to recruit a qualified chairman for the special phase that Xspray is currently in, meaning that the development phase is coming to an end and the commercialization phase is about to begin. This requires an exceptionally knowledgeable individual with experience from a large pharmaceutical company who is prepared to make a longer commitment in order to realize the values that have been created hereto.

Offer to subscribe for the warrants shall be made as soon as practically possible after the annual general meeting and subscription of the warrants shall be made on a subscription list until and including 24 May 2021. 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 25 May 2026 up to and including 15 June 2026.

The subscription price per share shall correspond to 150 per cent of the volume-weighted average price for the company's share during the time period of thirty 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 (however, not the by the nomination committee proposed chairman of the board), 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*).

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 15.49 per warrant based on a subscription price per share of SEK 130,0.

In addition hereto, the terms and conditions set out in [Appendix A](#) and [Appendix B](#) shall apply.

Pre-emption and termination of employment

A condition for a participant to be offered to subscribe for warrants, is that he is elected chairman of the board in accordance with the nomination committee's proposal and that he previously has entered into a so-called pre-emption agreement in which the participant shall be obligated to offer all warrants to the company, or in partial, if the assignment as chairman of the board is terminated or if the warrants shall be transferred or disposed to a third party. According to the terms and conditions of the pre-emption agreement, the warrants are, with certain exceptions such as in event of death, are subject to an approximate five-year vesting period, meaning that the company shall be offered to repurchase warrants at a predetermined price constituting the lower of the prevailing market value and acquisition price if the participant ceases to be chairman of the board. The warrants are vested gradually until and including the earlier of (i) the annual general meeting 2026 and (ii) 24 May 2026 (the "Vesting Date"), where each period corresponds to the time from an annual general meeting up to and including the day immediately preceding the next annual general meeting or the Vesting Date, as applicable (each such time period is referred to as a "Period"). The warrants are vested by 20 per cent at the end of each Period, provided that the participant still is chairman in the company on that day. In addition, the warrants shall be offered to the company, and the participant shall also have the right to receive an offer from the company, to redemption corresponding to the prevailing market value if a person reaches a shareholding in the company exceeding fifty (50) per cent.

Dilution

Based on the number of shares in Xspray Pharma as of the date of the notice to the annual general meeting, the dilution effect due to Chairman of the Board LTI 2021 will amount to approximately 0.07 per cent. Based on the same assumption and taking into account the number of shares that may be added pursuant to the board of directors' proposal for LTI 2021 (item 15), the dilution effect due to Chairman of the Board LTI 2021 and LTI 2021 may together amount to a maximum of approximately 1.08 per cent. Also considering the number of shares that may be issued pursuant to previous implemented incentive programs in Xspray Pharma, Chairman of the Board LTI 2021 and LTI 2021 the maximum dilution amount to approximately 2.56 per cent.

Impact of financial ratios and costs for the company etc.

Chairman of the Board LTI 2021 is expected to have a marginal impact on the company's financial ratios. The costs for the company associated with Chairman of the Board LTI 2021 includes administrative costs. The total cost of Chairman of the Board LTI 2021, assuming full participation, is expected to amount to KSEK 50 during a period of five years.

Preparation of the matter

The principles of Chairman of the Board LTI 2021 have been prepared by the nomination committee. The proposal has been prepared with the assistance of external advisors and after consultation with shareholders. Thus, the board of directors have not prepared the proposal.

Other share-related incentive programs etc.

For a description of the company's other long-term incentive programs, please see note 7 in Xspray Pharma's annual report for 2020 and the company's website, www.xspraypharma.com.

Majority requirements

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

N.B. The English text is an in-house translation.

Bilaga A / Appendix A

Beslut om emission av teckningsoptioner

Resolution to issue warrants

Valberedningen föreslår att bolagsstämman beslutar om emission av högst 13 214 teckningsoptioner. *The nomination committee proposes that the general meeting resolves to issue not more than 13,214 warrants.*

1. Rätt att teckna teckningsoptioner ska, med avvikelse från aktieägarnas företrädesrätt, tillkomma den av valberedningen föreslagna styrelseordföranden.
With deviation from the shareholders' pre-emptive rights, the chairman of the board proposed by the nomination committee shall be entitled to subscribe for warrants.
2. Varje teckningsoption ger rätt att teckna en ny aktie i Xspray Pharma AB (publ) under tiden från och med den 25 maj 2026 till och med den 15 juni 2026, till en teckningskurs motsvarande 150 procent av den volymvägda genomsnittskursen för bolagets aktie under den närmaste perioden om trettio handelsdagar omedelbart före erbjudandet om teckning av teckningsoptionerna, dock som minimum aktiens kvotvärde. Den del av teckningskursen som överstiger aktiernas kvotvärde ska avsättas till den fria överkursfonden. Vid fullt utnyttjande av teckningsoptionerna kommer aktiekapitalet att öka med 13 214 kronor.
Each warrant shall entitle the holder to subscribe for one new share in Xspray Pharma AB (publ) during the period commencing on 25 May 2026 up to and including 15 June 2026, at an exercise price equal to 150 percent of the volume-weighted average price of the company's share during the period of thirty trading days falling immediately before the offer for subscription of the warrants, however as a minimum the quota value of the share. The part of the subscription price which exceeds the shares' quota value shall be allocated to the free share premium reserve. If the warrants are completely exercised the share capital will increase by SEK 13,214.
3. Teckning av teckningsoptioner ska ske senast den 24 maj 2021. Styrelsen ska dock ha rätt att förlänga teckningstiden.
The subscription for warrants shall be made no later than 24 May 2021. However, the board of directors shall have the right to extend the subscription period.
4. Priset per teckningsoption ska motsvara ett beräknat marknadsvärde med tillämpning av Black & Scholes värderingsmodell beräknat av ett oberoende värderingsinstitut. Betalning för teckningsoptionerna ska ske senast den 24 maj 2021. Styrelsen ska dock ha rätt att förlänga betalningstiden.
The price per warrant shall correspond to a calculated market price based on the Black & Scholes valuation method, calculated by an independent valuation firm. Payment for the warrants shall be made no later than 24 May 2021. However, the board of directors shall have the right to extend the payment period.
5. För teckningsoptionerna ska i övrigt gälla de villkor som framgår av Bilaga B.
The warrants shall in all other respects be governed by the terms and conditions set forth in Appendix B.

Teckningskursen för teckningsoptionerna liksom antalet aktier som varje teckningsoption ger rätt att teckna kan bli föremål för justering enligt vad som framgår av punkt 8 i villkoren för teckningsoptionerna.

The exercise price for the warrants and the number of shares to which each warrant provides an entitlement to subscribe may be adjusted in accordance with section 8 of the terms and conditions for warrants.

Skälet för avvikelsen från aktieägarnas företrädesrätt är att implementera ett incitamentsprogram för den av valberedningen föreslagna styrelseordföranden i bolaget.

The reason for the deviation from the shareholders' pre-emptive rights is to implement an incentive program for the chairman of the board in the company proposed by the nomination committee.