



Remuneration report 2024

Remuneration report 2024

Introduction

This report describes how the guidelines for executive remuneration of Xspray Pharma AB, adopted by the annual general meeting 2022, have been continued to be applied in 2023 and 2024. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Stock Market Self-Regulation Committee's Remuneration Rules.

Further information on executive remuneration is available in note 7 (Employees and personnel costs) on pages 69-72 in the annual report 2024. Information on the work of the remuneration committee in 2024 is set out in the corporate governance report available on pages 34-35 in the annual report 2024.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 7 on page 69 in the annual report 2024.

Key developments 2024

The CEO summarizes the company's overall performance in his statement on page 6-7 in the annual report 2024.

The company's remuneration guidelines: scope, purpose and deviations

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 can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed 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 promoting the executive's long-term development.

The guidelines are found on pages 45-47 in the annual report 2024. During 2024, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on <https://xspraypharma.com/investors/corporate-governance/compensation/>. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 - Total CEO remuneration in 2024 (SEK thousand)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary ¹⁾	Other benefits ²⁾	One-year variable ³⁾	Multi-year variable	Extraordinary items	Pension expense ⁴⁾	Total remuneration	Proportion of fixed and variable remuneration ⁴⁾
Per Andersson (CEO)	3,002	111	191	-	-	972	4,277	96/4

¹⁾ Including holiday pay.

²⁾ Company car and health care allowance.

³⁾ Variable remuneration refers to bonuses related to 2024 of 191 kSEK, which will be paid out in 2025.

⁴⁾ Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed Remuneration.

Share-based remuneration

Outstanding share-related and share price-related incentive programs

Xspray Pharma has four warrant programs outstanding as of 31 December 2024 (2021/2026, 2022/2025, 2023/2026 and 2024/2027) for employees and certain key individuals.

The warrants were subscribed to market terms at a price (premium) determined based on computed market value if the warrants by an independent valuation institute applying the Black & Scholes valuation model. The warrant programs are subject to three-five years vesting periods and are exercisable during the third/fifth year after the grant.

Input data for each program is presented in Table 2 and refers to the valuation at the time of allocation. The expected volatility is based on historical volatility calculated based on the weighted average remaining term of the stock options, adjusted for any expected changes in future volatility due to officially available information. The expected term of the warrant has been determined considering the expected subscription before the end of the respective program's subscription period and has been assumed to amount to 3-5 years. Expected maturity has been calculated using historical data on how early people in different staff categories have exercised their warrants.

Completed incentive programs

Warrant program (LTIP 2021/2024)

The warrant program LTIP 2021/2024 was decided by the general meeting on 26 March 2021 and included 195,725 warrants. The warrant program could be exercised during June 3, 2024, and July 15, 2024. None of the outstanding warrants were exercised and they have therefore been forfeited during 2024.

Table 2 - Fair value and assumptions at the time of granting warrants

	Incitamentsprogram				
	2021/2024	2021/2026*	2022/2025	2023/2026	2024/2027
Fair value at grant date					
Share price (SEK)	88,95	88,95	59,66	77,50	64,10
Volume weighted share price at the exercise price (SEK)	87,57	85,97	60,10	44,99	58,77
Exercise price (SEK)	148,90	129,00	132,20	90,00	117,50
Expected volatility (%)	35	35	45	45	45
Share option term (years)	3,1	5,1	3,15	3,16	3,05
Expected dividend	0	0	0	0	0
Risk-free interest rate (%)	-0,15	-0,04	1,41	2,68	2,70

*The CEO is not included in program LTIP 2021/2026.

Xspray Pharma has allocated a new incentive program, LTIP 2024/2027, during the year. This program was approved at the Annual General Meeting on May 21, 2024. The program includes 125,369 warrants and 250,738 employee stock options linked to the company's value growth, aiming to strengthen the alignment between employees' interests and those of the shareholders.

The increase in the company's share capital, assuming full exercise of the outstanding warrants, could amount to a maximum of SEK 1,022,814 (assuming the current quota value and no recalculations under the terms), which as of December 31, 2024, corresponds to a total dilution of approximately 2.75 percent of the shares in Xspray Pharma, calculated on the number of outstanding shares per year-end.

See Appendix 1 for further information on each program.

Table 3 - Overview of warrant programs (CEO)

Name of director (position)	The main conditions for the warrant programmes							Information regarding the reported financial year					
	1	2	3	4	5	6	7	Opening balance	During the year		Closing balance		
								8	9	10	11	12	13
Name of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	Warrants held at beginning of year	Warrants awarded	Warrants vested	Warrants subject to performance condition	Warrants awarded and unvested	Warrants subject to retention period	
Per Andersson (CEO)	2022/2025	2022-2025	2022-05-19	2025-06-15	2025-07-15	2025-06-15 2025-07-15	132,20	42 186	-	-	-	42 186	E. T
	2023/2026	2023-2026	2023-05-16	2026-06-15	2026-07-15	2026-06-15 2026-07-15	90,00	113 490	-	-	-	113 490	E. T
	2024/2027	2024-2027	2023-05-21	2027-05-24	2027-06-11	2027-05-24 2027-06-11	117,50	-	155 247	-	-	155 247	E. T
Total								155 676	155 247	-	-	310 923	

* During the financial year, the 2021/2024 program expired, with no options exercised as the strike price was lower than the share price.

** Of the 310,923 allocated options, 103,641 consist of warrants and 207,282 of employee stock options.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2023 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values. The criteria may be linked to the development of the company's share price and / or the development and progress of the company's product candidates. They can also consist of individually tailored quantitative or qualitative goals.

When the measurement period for meeting the criteria for payment of variable cash compensation has ended, it must be assessed / determined to what extent the criteria have been met. The Remuneration Committee is responsible for the evaluation of remuneration to senior executives, including the CEO. Regarding financial targets, the assessment shall be based on the most recently published financial information by the company.

Table 4 - Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award/ remuneration outcome
Per Andersson (CEO)	Go to Market	70%	a) 0% b) - KSEK
	Projects	30%	a) 23% b) 191 kSEK
			a) 23% b) 191 KSEK

Comparative information on the change of remuneration and company performance

Table 5 - Changes of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

Since this is Xspray Pharma's fourth remuneration report, the information in the table below pertains only to the 2021, 2022, 2023 and 2024 financial years.

(kSEK)	RR-2 vs RR-3	RR-1 vs RR-2	RR vs RR-1	RR 2024
CEO remuneration	+623 (+21%)	+332 (+9%)	+393 (+8%)	4 277
Group operating profit before tax	-33 717 (+34%)	-48 014 (+36%)	-105 990 (+59%)	-285 674
Average remuneration on a full-time equivalent basis of employees ¹⁾ of the parent company	+40 (+4%)	+14 (+1%)	-46 (-5%)	916

¹⁾ Excluding members of the group executive management. The remunerations consists of base salary, other benefits, variable remuneration and pension expense, which is equal as the remuneration to CEO (Table 1). The average remuneration has been calculated by dividing the total remuneration with the average number of full-time employees in the parent company, excluding the group executive management.

Appendix 1

Warrant program

As of December 31, 2024, the company has four incentive programs issued to employees and certain key individuals, aiming to strengthen the alignment between employees' and shareholders' interests

Warrant program LTIP 2021/2024 (Avslutat)

The warrant program (LTIP 2021/2024) included 24 participants, including the company's CEO. The program comprised 195,725 warrants, which were subscribed on market terms at a price determined by an independent valuation institute using the Black & Scholes valuation model. The value per option was calculated at SEK 7.55, with a subscription price per share of SEK 148.90. The warrant program had a duration of three years and was conditional on the participant remaining employed by the company. The options could be exercised from June 3, 2024, to July 15, 2024. The company subsidized the participants' premiums with an amount equivalent to the paid premium, which was fully recognized as a personnel expense in 2021. If an option holder's employment ended during the program's term, the options were redeemed proportionally based on the remaining duration relative to the program's original term. None of the outstanding options were exercised, and they were consequently forfeited in 2024.

Warrant program LTIP 2021/2026

The warrant program (Chairman LTIP 2021/2026) included the company's new chairman of the board. The value per option was calculated at SEK 16.38, with a subscription price per share of SEK 129.00. The program runs for five years and includes 13,214 warrants. The options can be exercised from May 25, 2026, to June 15, 2026. If the chairmanship ends during the program's duration, the options will be redeemed proportionally based on the remaining term in relation to the program's original duration. No subsidy was provided

Warrant program LTIP 2022/2025

The program was approved at the Annual General Meeting on May 19, 2022. It includes 140,625 warrants and 281,250 employee stock options, which can be exercised during the period from June 15, 2025, to July 15, 2025, at a subscription price of SEK 132.20 per share. The program is linked to the company's value growth, aiming to strengthen the alignment between employees' and shareholders' interests. The options were subscribed on market terms, and no subsidy was provided. During 2022 and 2024, a total of 27,303 warrants and 54,606 employee stock options were returned and deregistered due to employment termination. The maximum dilution effect amounts to 0.98 percent based on the current number of shares.

Warrant program LTIP 2023/2026

The program was approved at the Annual General Meeting on May 16, 2023. It includes 94,576 warrants and 189,152 employee stock options, which can be exercised during the period from June 15, 2026, to July 15, 2026, at a subscription price of SEK 90.0 per share. The value per warrant was calculated at SEK 5.52. The program is linked to the company's value growth, aiming to strengthen the alignment between employees' and shareholders' interests. The options were subscribed on market terms, and no subsidy was provided. During 2024, a total of 5,188 warrants and 10,236 employee stock options were returned and deregistered due to employment terminations. The maximum dilution effect amounts to 0.72% based on the current number of shares.

Warrant program LTIP 2024/2027

The program was approved at the Annual General Meeting on May 21, 2024. It includes 125,369 warrants and 250,738 employee stock options, which can be exercised during the period from May 24, 2027, to June 11, 2027, at a subscription price of SEK 117.5 per share. The value per warrant was calculated at SEK 9.46. The program is linked to the company's value growth, aiming to strengthen the alignment between employees' and shareholders' interests. The options were subscribed on market terms, and no subsidy was provided. The maximum dilution effect amounts to 1.01% based on the current number of shares.