

## **The Board of Directors' proposal for resolution on employee stock options**

The Board of Directors propose that the Annual General Meeting resolves to adopt an incentive scheme for senior executives employed as described below.

The purpose of the proposal is to create the conditions to attract and recruit competent staff and to increase the motivation for new employees by becoming involved and working for a positive increase in the value of the Company's shares. The Board of Directors further consider that the adoption of the incentive scheme as described below is in the favour of the Company and the shareholders in the Company.

The incentive scheme consists of up to 400,000 employee stock options which can be exercised with so called vesting terms during a period of 36 months from the grant of employee stock options up to and including 12 months thereafter. Each employee stock option entitles the holder to purchase one share in Company at a price equal to 150 per cent of the volume-weighted average price of the Company's share on Nasdaq Stockholm during the two-week period prior to allotment. The right to be allotted employee stock option shall be vested with senior executives recruited during 2020. The employee stock options are issued free of charge.

The Board of Directors, or a remuneration committee appointed within the Board of Directors, shall be responsible for preparing the detailed terms and conditions of the incentive scheme, in accordance with the above-mentioned terms and guidelines. In relation thereto, the Board of Directors shall be entitled to make adjustments in order to fulfil specific regulations and market conditions abroad. The Board of Directors also reserves the right to make adjustments in the incentive scheme in the event there are significant changes in the Company or in its environment which would mean that the conditions for exercising the options no longer are appropriate.

The subsequent costs incurred by the Company shall be accounted for on an ongoing basis in accordance with IFRS 2, whereby the reported effect on the Company's costs is mainly affected by the development of the share price, whereas the actual final cost is dependent on the amount of options earned during the so called vesting period and the amount of exercised options. Currently, the Board of Directors does not propose any specific securing arrangements regarding stock delivery as well as regarding payments following from option exercise, inter alia since the programme is not assumed to have any material financial effect and only corresponds to a dilution of approximately 0.1 percent.

The incentive scheme allows employees of the Company to be granted employee stock options entitling them to acquire shares in the Company. Such transfers fall within the scope of Chapter 16 of the Swedish Companies Act, which means that a resolution to approve the incentive scheme is valid only where supported by shareholders holding not less than nine-tenth of both the votes cast and of the shares represented at the Annual General Meeting.

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**Oasmia Pharmaceutical AB**

Uppsala, August 10, 2020

*The Board of Directors*