

Notice of Extraordinary General Meeting in Oasmia Pharmaceutical AB

The shareholders of Oasmia Pharmaceutical AB, Reg. No. 556332-6676 ("Oasmia" or the "company"), are hereby summoned to the Extraordinary General Meeting on Wednesday, 20 October 2021.

In light of the corona pandemic and in order to minimize any risk of spreading the coronavirus, the Board of Directors of the company has decided that the meeting is to be held only through postal voting pursuant to temporary legislation. This means that the meeting will be conducted without the physical presence of shareholders, representatives or external parties. Shareholders will only be able to exercise their voting rights at the meeting by postal voting in advance in the manner described below.

Information on the resolutions passed at the meeting will be disclosed on Wednesday, 20 October 2021, when the outcome of the postal voting has been confirmed.

Right to attend

Shareholders who wish to participate in the meeting must

1. be registered as of 12 October 2021 in the share register kept by Euroclear Sweden AB, and
2. give notice of participation no later than 19 October 2021 by casting its postal vote in accordance with the instructions under the heading "Postal voting" below so that the postal vote is received by the company no later than that day.

Nominee-registered shares

In order to be entitled to participate in the meeting, a shareholder whose shares are nominee-registered must, in addition to giving notice of participation in the meeting, register its shares in its own name so that the shareholder is registered in the share register as of the record date on 12 October 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as decided by the nominee. Voting rights registrations made no later than the second banking day after 12 October 2021 are taken into account in the presentation of the share register.

Postal voting

Shareholders may exercise their voting rights at the meeting only by postal voting in advance in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

Shareholders who wish to postal vote must use the postal voting form, which is available on the company's website, www.oasmia.com, and from the company at Vallongatan 1, 752 28 Uppsala, Sweden. The postal voting form is considered as notice to participate at the meeting.

The completed and signed form must be received by the company no later than Tuesday, 19 October 2021. The completed and signed form must be sent by mail to Oasmia Pharmaceutical AB, Vallongatan 1, 752 28 Uppsala, Sweden, or by e-mail to info@oasmia.com. If the shareholder is a legal person, a registration certificate or other authorization document must be attached to the form.

Shareholders may not provide special instructions or conditions to the postal vote. If so, the vote (i. e., the entire postal vote) is invalid. Further instructions and conditions can be found in the postal voting form.

Shareholders who wish to submit its postal vote by proxy must issue a written and dated power of attorney for their representative. If the power of attorney is issued by a legal person, a copy of the registration certificate or equivalent for the legal person must be attached. Proxy form is available on the company's website, www.oasmia.com, and must be enclosed to the postal voting form.

Proposed agenda

1. Election of Chairman of the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to verify the minutes in addition to the Chairman.
5. Determination as to whether the meeting has been duly convened.
6. Resolution on adoption of a long-term incentive program based on employee stock options for senior executives in the company.

Proposed resolutions

Item 1 – Election of Chairman of the meeting

The Board of Directors proposes that Johan Wigh, or in the event on his absence, the person appointed by the Board of Directors instead, be elected Chairman of the meeting.

Item 2 – Preparation and approval of the voting list

The voting list proposed to be approved under item 2 on the agenda is the voting list prepared by the Chairman, based on the general meeting share register and received postal votes, as verified and confirmed by the persons elected to attest the minutes.

Item 4 – Election of one or two persons to verify the minutes in addition to the Chairman

The Board of Directors proposes that Per Arwidsson and Håkan Lagerberg, or in the event of absence of any or both, the person or persons designated by the Board of Directors instead, be elected to attest the minutes. The tasks of the persons elected to attest the minutes also include verifying the voting list and that received postal votes are correctly reproduced in the minutes of the meeting.

Item 6 – Resolution on adoption of a long-term incentive program based on employee stock options for senior executives in the company

The Board of Directors proposes that the meeting resolves to adopt a long-term incentive program based on employee stock options for certain senior executives in the company (“**Option Program 2021**”) in accordance with items 6(a) and 6(b) below.

The resolutions under items 6(a) and 6(b) below are proposed to be conditional upon each other, respectively. If the majority requirements for item 6(b) below is not met, the Board of Directors proposes that the company shall be able to enter into an equity swap arrangement with a third party in accordance with item 6(c) and the resolutions under items 6(a) and 6(c) below shall then be conditional upon each other.

Adoption of Option Program 2021 (item 6(a))

The program in brief

The Option Program 2021 consists of employee stock options that may be allotted to the following senior executives in the company: Francois Martelet (CEO), Fredrik Järsten (CFO), Peter Selin (CBO) and Heidi Ramstad (CMO). The employee stock options have a vesting period of three (3) years (the “**Vesting Period**”), after which the holder is entitled to exercise the options for shares in the company during a period of three (3) months in accordance with the terms and conditions set out below. Allotment of employee stock options under the Option Program 2021 shall take place during October 2021, subject to possible prolongation by the Board as per below.

The background and rationale for the proposal

The purpose of the Option Program 2021 is to create conditions for motivating and retaining competent employees within the company and to increase the coherence between the employees’, shareholders’ and the company’s objectives.

By offering options that are based on the share price development, the participants are premiated for increased shareholder value. The Option Program 2021 also rewards the participants’ continued loyalty and thus the long-term value growth of the company. Accordingly, the Board of Directors believes that the Option Program 2021 will be advantageous for the company and its shareholders.

Terms and conditions

The Company may allot employee stock options as stated under the heading “*Allocation of employee stock options*” below. Each option entitles the participant to acquire one share in the company in accordance with the following terms and conditions:

- The employee stock options will be allotted free of charge.
- Allotment requires that an acquisition of employee stock options can take place legally and that, according to the Board of Directors’ assessment, it can be carried out with reasonable administrative and financial efforts. The last day for allotment of employee stock options shall be last October 2021. The period under which allotment of the employee stock options shall take place may be prolonged by the Board should participant be prohibited from being allotted employee stock options due to applicable laws on insider trading or equivalent.
- The employee stock options entitle, after vesting in accordance with the terms and conditions, including, with certain exceptions, that the participant is still employed throughout the Vesting Period, the participant to subscribe for shares during the period from and including 1 November 2024 until and including 31 January 2025.
- The participant must, with certain exceptions, be employed within the group when the participant acquires shares on the basis of the Option Program 2021.

- Each employee stock option that is transferred entitles the participant to acquire one share in the company at an exercise price corresponding to 140 percent of the volume-weighted average share price for the company's share on Nasdaq Stockholm during the 10 trading days immediately preceding 20 October (the "**Exercise Price**").
- The employee stock options shall not constitute securities and may not be transferred or pledged.
- The Exercise Price for employee stock options, determined as set out above, shall be rounded to the nearest SEK 0.10, whereby SEK 0.05 shall be rounded downwards. The Exercise Price and the number of shares that each employee stock option entitles to subscription for shall be recalculated in the event of split, consolidation, new share issue and /or similar measures, in accordance with market practice.

Allocation of employee stock options

The right to receive employee stock options shall accrue to the CEO and certain other senior executives, as set out in the table below:

Participant	Maximum number of employee stock options
Francois Martelet (CEO)	2,250,000
Fredrik Järsten (CFO)	1,350,000
Peter Selin (CBO)	450,000
Heidi B. Ramstad (CMO)	450,000

Allotment of employee stock options shall take place during October 2021, subject to possible prolongation by the Board as per above. The total number of employee stock options that may be allotted to the participants within the framework of the Option Program 2021 amounts to no more than 4,500,000.

Design and administration

The Board of Directors, or a Remuneration Committee appointed within the Board of Directors, shall be responsible for preparing the detailed design and administration of the terms and conditions of the Option Program 2021, in accordance with the above presented terms and guidelines, including provisions on recalculation in the event of an in-between bonus issue, share split, rights issue and/or similar measures. In connection therewith, the Board of Directors shall be entitled to make adjustments to meet specific foreign regulations or market conditions. The Board of Directors shall also be entitled to make other adjustments if significant changes occur in the company or in its environment that would result in that the adopted terms of the Option Program 2021 no longer fulfil their objectives.

Preparation of the program

The proposal for resolution on adoption of Option Program 2021 has been prepared by the Board of Directors and its Remuneration Committee in consultation with external advisers.

Scope and costs for the Option Program 2021

The Option Program 2021 will be reported in accordance with IFRS 2, which means that the employee stock options will be expensed as non-cash personnel costs over the Vesting Period. Costs related to the employee stock options are estimated to amount to SEK 3,915,000, excluding social contributions, accounted in accordance with IFRS 2 based on the following assumptions: (i) that 4,500,000 employee stock options are allotted, and (ii) that the volume-weighted average share price at the beginning of the Option Program 2021 is SEK 2.93 per share. Based on the same assumptions as above, and subject to social contributions of 31.42 percent, and a share price increase of 100 percent from the start of the Option Program 2021 until the employee stock options are exercised, the costs for social contributions are estimated to amount to SEK 2,899,909. The total cost in accordance IFRS 2, including social security costs, is therefore estimated at SEK 2,090,463 per year, based on the same assumptions as above and a term of the employee stock options of 3.26 years. The company intends to hedge the entire social contribution costs by way of an issue of warrants in the manner set out in the Board's proposal pursuant to item 6(b) below, which may be exercised by a financial intermediary in connection with the exercise of the employee stock options. If the company chooses to implement such hedging measures, the social security contributions will not affect the company's cash flow.

Effects on key ratios and dilution

Upon maximum allotment of employee stock options and provided that the hedging arrangements pursuant to item 6(b) below are adopted by the meeting, no more than 4,500,000 shares are estimated to be allotted under the Option Program 2021 and 1,414,590 shares be used to hedge social contributions arising as a result of the Option Program 2021, whereby a dilution of approximately 1.3 percent of the total number of shares in the company will arise.

Given the above assumptions regarding scope and costs, and that Option Program 2021 was introduced in 2019 instead, it is estimated that the key ratio earnings per share for the full year 2020 would have decreased from SEK -0.128 to SEK -0.131.

Existing incentive programs

At the time of this proposal, there are two outstanding share-related incentive programs in the company.

Employee stock option program directed to the company's chief executive officer

In connection with the negotiation of an employment agreement with the chief executive officer Francois Martelet, the Board allotted 896,739 employee stock options which can be exercised against the same number of shares at an exercise price of SEK 7.36 per share between 13 February 2023 and 13 February 2024. The exercise price corresponds to approximately 150 percent of the share price when the employment was agreed and announced on 14 February 2020. The allotment of the employee stock options was approved by the Extraordinary General Meeting on 14 May 2020. The options were granted free of charge and thus in addition to fixed base salary, short-term variable remuneration and other customary employment benefits and are intended to create a long-term incentive for the chief executive officer in line with the shareholders' interest. The company has not resolved on any special securing of share delivery and payments as a result of the option exercise, among other things as the program is not assumed to have a significant financial impact and only corresponds to approximately 0.2 percent dilution.

Employee stock option program directed to senior executives

The Annual General Meeting on 9 September 2020 resolved to adopt an employee stock option-based incentive program for senior executives. The purpose of the program was to create the conditions for attracting and recruiting qualified personnel and to increase the motivation for new employees by getting involved and working for a positive increase in the value of the company's shares. The program consists of a maximum of 400,000 employee stock options that can be exercised with so-called vesting terms for a period of 36 months from the time the employee stock options were allotted up to and including 12 months thereafter. Each employee stock option entitles the holder to acquire one share in Oasmia at a price corresponding to 150 percent of the volume-weighted average price of the company's share on Nasdaq Stockholm during the period two weeks before allotment. The right to be allotted employee stock options was given senior executives who were recruited in 2020. The options were allotted free of charge. The company has allotted 375,000 employee stock options in total under the program. The company has not resolved on any special securing of share delivery and payments as a result of the option exercise, among other things as the program is not assumed to have a significant financial impact and only corresponds to approximately 0.1 percent dilution.

Issue of warrants and approval of transfer of warrants to participants and third party (item 6(b))

The Board of Directors proposes that the meeting resolves to issue no more than 5,914,590 warrants, of which 4,500,000 warrants shall be issued to secure share delivery to the participants in the Option Program 2021 according to the terms and conditions of the program, and 1,414,590 warrants shall be issued to hedge the company's exposure to social contribution costs that may arise as a result of the exercise of employee stock options. The share capital may increase by no more than SEK 591,459. For the resolution, the following terms and conditions shall otherwise apply.

1. The right to subscribe warrants is given, by a deviation from the shareholders' preferential rights, Oasmia Pharmaceutical AB. Further transfer of 4,500,000 warrants shall be possible, at one or several occasions, to participants in the Option Program 2021 or otherwise to third parties to deliver shares to the participants, in accordance with the terms and conditions of the Option Program 2021. Further transfers of 1,414,590 warrants shall be possible to third parties with whom/which the company has entered into an agreement for the purpose of raising capital to cover social contribution costs arising as a result of the exercise of employee stock options.
2. The reason for the deviation from the shareholders' preferential rights is the introduction of the Employee Stock Option Program 2021.
3. The warrants shall be issued free of charge.
4. The warrants shall be subscribed for on a special subscription list no later than 31 October 2021. The Board of Directors shall have the right to prolong the subscription period.
5. Each warrant entitles to subscription of one (1) share in the company. New subscription of shares by support of the warrants can take place from and including the day of registration of the warrants with the Swedish Companies Registration Office up to and including 28 February 2025.
6. The subscription price for the shares subscribed for by support of the warrants shall correspond to the share's quotient value. Recalculation may take place pursuant to the complete terms and conditions of the warrants. Any share premium shall be added to the non-restricted share premium reserve.

7. The newly issued shares following exercise of the warrants shall carry rights to dividends for the first time on the first record date for dividend that takes place after the new shares have been registered and recorded in the share register kept by Euroclear Sweden AB.
8. The complete terms and conditions for the warrants are available on the company's website, www.oasmia.com.

The Board of Directors, or the person appointed by the Board of Directors, shall have the right to make the minor adjustments to the above resolutions that may prove necessary in connection with registration with the Swedish Companies Registration Office.

Share swap agreement with third party (item 6(c))

Should the majority requirement for item 6(b) above not be met, the Board of Directors proposes that the meeting resolves that the Option Program 2021 be hedged instead so that Oasmia can enter into a share swap agreement with a third party with terms in accordance with market practice, where the third party in its own name shall be entitled to acquire and transfer shares in Oasmia to the participants.

Majority requirements

A resolution pursuant to item 6(a) above must be supported by shareholders representing more than half of the votes cast. A resolution pursuant to item 6(b) above is valid only when supported by shareholders representing no less than nine-tenths of the votes cast and the shares represented at the meeting. For a valid resolution pursuant to item 6(c) above, a majority of more than half of the votes cast is required.

Number of shares and votes in the company

The shares in the company are only issued in one series. Each share in the company carries one vote at the meeting. At the time of issuance of this notice, the total number of shares in the company, as well as the total number of voting rights, amounts to 448,369,546. The company holds no treasury shares.

Shareholders' right to receive information

The Board of Directors and the Chief Executive Officer shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information at the meeting about circumstances that may affect the evaluation of an item on the agenda and the company's relationship to other group companies.

Due to the fact that the meeting will be held without a physical meeting, requests for information must be submitted in writing by mail to the address Vallongatan 1, 752 28 Uppsala, Sweden, or by e-mail to info@oasmia.com, no later than 10 October 2021. Such information is provided by being kept available from the company at the address Vallongatan 1, 752 28 Uppsala, Sweden, and on the company's website, www.oasmia.com, no later than 15 October 2021. The information is also sent within the same time to the shareholders who so request and provide their postal or e-mail address.

Available documents

The Board of Directors' complete proposal and other documents pursuant to the Companies Act will be held available from the company and on the company's website, www.oasmia.com, at least three weeks prior to the meeting. Copies of the above documents are also sent to the shareholders who so request and provide their postal or e-mail address.

Processing of personal data

For information about how your personal data are processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Oasmia Pharmaceutical AB

Stockholm in September 2021

The Board of Directors

Attachments

[Notice of Extraordinary General Meeting in Oasmia Pharmaceutical AB](#)