

Proposal by the Board of Directors to implement an incentive scheme for employees of the Group (item 17)

The Board of Directors of IRRAS AB proposes that the Annual General Meeting to be held on 1 June 2018 (the “AGM”) resolves to adopt an incentive scheme for employees of the Group. The rationale for the proposal is to create opportunities to reward, motivate, keep and to recruit competent employees and to increase the motivation amongst the employees. The Board of Directors considers that the adoption of the incentive scheme as described above is in the favour of the Company and its shareholders.

The Board of Directors proposes the issuance of stock options to employees or full time consultants. Under the incentive scheme participants will free of charge be assigned a certain number of stock options. Subject to vesting, the stock options may be exercised for purchase of shares until and including June 15, 2022. The incentive scheme shall comprise up to 732,000 stock options, representing approximately 3.00 per cent of the share capital and votes after dilution, based on the current number of shares in the Company.

The allocation of the options shall be decided by the Board of Directors in accordance with the following guidelines:

- President CEO up to 150,000 options,
- Present and new senior executives up to 150,000 options each,
- Present and new managers up to 55,000 options each, and
- Present and new other employees up to 25,000 options each.

Provided that the participant is still an employee of the Group at the time of exercise of the options, each option entitles the participant to acquire one share in IRRAS at a price equal to 100 per cent of the average closing price of the Company’s shares on Nasdaq First North during the period from 1 June 2017 up to and including 15 June 2017.

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. As a main rule, the stock options shall be subject to a three year vesting period and vesting shall be linear on a monthly basis for the three year period.

The Board of Directors shall be entitled to make adjustments in the incentive scheme to meet foreign regulations or market conditions. The Board of Directors may also make other adjustments if significant changes in the IRRAS group, or its markets, result in a situation where the decided terms and conditions for exercising the options become inappropriate.

Furthermore, in case of special circumstances, the Board of Directors shall be authorized to resolve that options will be kept and exercised despite the fact that the participant’s engagement in the IRRAS group have ceased, for example due to illness.

No compensation for ordinary dividends on the underlying shares shall occur. In case of an extraordinary dividend, the Board of Directors shall have the right to resolve on whether the options’ exercise price shall be subject to recalculation.

The options may not be transferred or pledged.

The incentive scheme allows employees of the Group to be granted 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 shares voted and of the shares represented at the General Meeting.

The proposed incentive scheme has been prepared by the Board of Directors in consultation with external advisors during the spring 2018.

The incentive scheme will be accounted for in accordance with IFRS 2 which stipulates that the value is recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions of a share price of SEK 29.00 (closing share price of a share in the Company on 9 May 2018, a maximum participation and an annual employee turnover of 10 per cent among the participants in the incentive scheme, the cost for the scheme is estimated to approximately SEK 6.2 million. The cost will be allocated over the term of the incentive scheme.

For information on IRRAS' other equity-related incentive schemes, reference is made to the annual report for 2017, note 10.