Oasmia Pharmaceutical AB (publ)

Interim report for the period January 1, 2021 – September 30, 2021

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- In August, Oasmia strengthened its internal capabilities with the appointments of Kia Bengtsson as Head of Clinical Development and Johanna Röstin as Head of Regulatory Affairs with effect from October 1, 2021.
- In September, Oasmia signed a license agreement with the Swiss-based FarmaMondo Group for the commercialization of Paclical® (Apealea®) in Russia and the Commonwealth of Independent States.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- In October an Extraordinary General Meeting decided on adoption of a long-term incentive program based on employee stock options for senior executives in the company
- In October Oasmia announced a global settlement of all disputes with MGC Capital, former Board Members of Oasmia and members of former management. The settlement will result in a negative cashflow effect of MSEK 24.5 but with a positive earnings effect of MSEK 32.5.

THIRD QUARTER: JULY 1, 2021 – SEPTEMBER 30, 2021

- Consolidated net sales amounted to TSEK 11,920 (154)
- Operating profit/loss var TSEK -29,572 (-35,194)
- Net profit/loss after tax amounted to TSEK -30,987 (-36,784)
- Earnings per share amounted to SEK -0.07 (-0.08)

THE PERIOD: JANUARY 1, 2021 – SEPTEMBER 30, 2021

- Consolidated net sales amounted to TSEK 16,553 (201,628)
- Operating profit/loss var TSEK -126,579 (15,117)
- Net profit/loss after tax amounted to TSEK -129,873 (7,832)
- Earnings per share amounted to SEK -0.29 (0.02)

Oasmia Pharmaceutical AB is a specialty pharmaceutical company focused on the development of new therapeutic options for patients suffering from hard-to-treat cancers. It has a growing pipeline of clinical-stage assets targeting late-stage cancers. Oasmia's most advanced program is Apealea® (paclitaxel micellar), which is being made available to ovarian cancer patients through a partnership with Elevar Therapeutics, Inc. Other development programs include Cantrixil, in clinical development for late-stage ovarian cancer, and docetaxel micellar, in development for advanced prostate cancer. Oasmia's proprietary drug delivery platform XR-17™ is designed to improve drug solubility, efficacy and safety. Oasmia's shares are traded on Nasdaq Stockholm (OASM). To find out more about Oasmia please visit www.oasmia.com.

CEO REVIEW

Transforming a business requires sustained effort and focus. Since I joined Oasmia in March 2020 we have set out a clear path to future growth as a sustainable global oncology business.

We've done this by:

- rightsizing the Company and terminating commercial drug production
- putting our finances in order by eliminating unnecessary operating expenditure
- building our in-house capabilities to make us an attractive partner for innovative assets and companies
- reducing business risks, such as resolving inherited legal issues, eliminating these potential liabilities

Creating these solid foundations means we are now well placed to deliver on our string of pearls strategy, putting in place a diversified portfolio of innovative cancer therapies through in-licensing and M&A. Our ambition is to build a pipeline focused on hard-to-treat and late-stage cancers using different approaches and mechanisms of action which offer us multiple shots on goal, de-risking our portfolio significantly and therefore increasing our chances of success. During the third quarter we made steady progress towards achieving this vision.

Resolving outstanding legal disputes
Post period end, we announced the global settlement of all outstanding legal disputes with MGC Capital, former Board Members of Oasmia and members of former management. The settlement will result in a negative cashflow of MSEK 24.5 but will result in a positive earnings effect of MSEK 32.5. Reported debt in relation to the MGC litigation of MSEK 80, as well as a receivable of MSEK 40, is settled as a result of the agreement, strengthening our financial position and eliminating borrowings on the balance sheet. This is excellent news and enables us to look forward rather than back.

Progressing our in-licensed and wholly-owned development-stage oncology assets
Cantrixil is the first product of our string of pearls strategy, in-licensed from Kazia Therapeutics in March. It targets a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells thought to be responsible for disease relapse. Patients with chemotherapy-resistant ovarian cancer have a very poor prognosis, and Cantrixil could offer a much-needed new therapeutic option. Positive Phase 1 results were presented at AACR earlier this year and Phase 2 study preparations in advanced ovarian cancer are well underway. In September, our Scientific Advisory Board, composed of key opinion leaders in oncology, met in Stockholm for the first time. The Board is offering invaluable guidance on the design of the Cantrixil Phase 2 trial and the longer-term clinical and regulatory path. Securing drug product for the Phase 2 trial through manufacturing agreements with multiple parties is a complex process and initiation of the trial will be later than originally envisaged. We will communicate further on the proposed timetable for the Phase 2 study when we have clarity on the supply situation.

A Phase 1b trial of our second clinical-stage program, **docetaxel micellar**, in development for advanced prostate cancer, continued to recruit patients in Switzerland under the leadership of the Swiss Group for Clinical Cancer Research (SAKK). SAKK has made excellent progress, with three centers open and enrolment is still expected to be completed by the end of 2022.

Exploring the full potential of our technologies
We recently provided an update on our collaboration with the Karolinska Institutet in Sweden to explore the full potential of our XR-17™ drug solubilization technology platform. Work on our line extension for XR-17, which we have named XR-18, is progressing well and is intended to offer expanded utility. We are also preparing to evaluate formulations of XR-17/18 with our licensed product candidate, Cantrixil.

Our recent research into XR-19, our dual encapsulation technology designed to encapsulate two active pharmaceutical ingredients (APIs) in one micelle, has yielded encouraging proof-of-concept data. However, we have assessed the commercial utility of this approach to be limited and have therefore decided not to develop new product candidates with this technology, focusing our resources on other development opportunities.

Organizational update
Having the right scientific, regulatory, development and commercial skills to make Oasmia an attractive business partner for oncology drugs and companies around the world is critical to our success. Over the past 18 months, we've built a first-class team in all these areas, and in August I was pleased to announce the appointments of Kia Bengtsson as Head of Clinical Development and Johanna Röstin as Head of Regulatory Affairs. Kia and Johanna significantly strengthen Oasmia's internal drug development expertise, supporting our ability to move products through to commercialization and to evaluate new opportunities. Peter Selin has decided to step down as Chief Business Officer and the search for a replacement has been initiated. Peter will remain in his current role during his notice period.

Maximizing the potential from out-licensed products
Maximizing the potential of our partnered ovarian cancer therapy Apealea® has been another important focus. In September, we signed a license agreement with the Swiss-based FarmaMondo Group for the commercialization of Apealea® in Russia and the Commonwealth of Independent States, where it is known under the brand name Paclical®. This agreement marks the completion of the out-licensing of Apealea® globally and we anticipate the first royalties from partnerships during 2022.

Elevar has informed Oasmia that it is reviewing the clinical and regulatory pathway for Apealea in the US in order to maximize the product's commercial potential. This may impact the clinical development timelines for Apealea in the US and Oasmia will update investors when firm information has been provided by Elevar.

Building the business through in-licensing and M&A
As well as driving our existing portfolio in Q3, we've made further progress in making Oasmia a more attractive partner for innovative therapies and companies, positioning ourselves to add value in the sweet spot of early-to-mid-stage product development, demonstrated by the in-licensing of Cantrixil.

I'm pleased to report that our continuing transformation and new capabilities has attracted interest from a number of parties and that we are currently evaluating several promising opportunities. I look forward to updating you on progress in due course.

I'd like to thank you all for your continued support at this exciting time for the business as we look ahead to completing our transition to become a global oncology business.

Dr. Francois Martelet, M.D., CEO of Oasmia

STRATEGY FOR GROWTH

Oasmia is a research and development biotechnology company focused on the development of new therapeutic options for patients suffering from hard-to-treat cancers. Oasmia has an emerging pipeline of clinical-stage assets targeting late-stage cancers.

Oasmia is aiming to become a leading European specialty pharma company with sustainable and profitable growth. This transformation will primarily be through in-house R&D, M&A, and in-licensing of clinical assets. In the spring of 2021 Oasmia acquired the global rights for Cantrixil, a clinical stage cancer program, as its first step in the "string of pearls" strategy set to bolster the company's oncology portfolio in order to reach a critical mass as an oncology biotech company.

To fortify Oasmia as a sustainable, profitable specialty pharma company, Oasmia has developed a 4-pillar growth strategy that includes executing on the Apealea® partnership, in-house R&D, M&A activities and licensing deals.

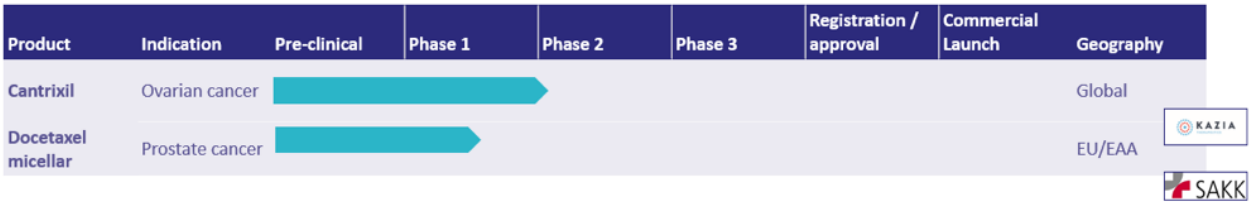
POTENTIAL VALUE DRIVERS

Oasmia has identified multiple potential near- and mid-term catalyst and business drivers in in the company's path forward.

- Sustained M&A & in-licensing to build critical mass in oncology
- Cantrixil - initiation of Phase 2
- Docetaxel micellar - Phase 1b enrolment completion
- Apealea® - initiation of additional US pivotal studies by Elevar; partnering in key territories; initial royalties and milestone payments
- XR-17™ technology platform – enhancement
- Animal Health assets - divestment or partnering agreements

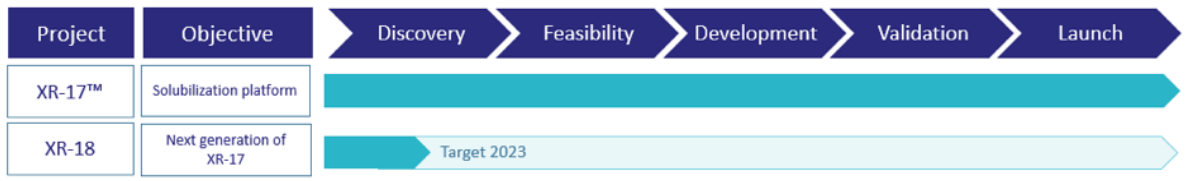
TECHNOLOGY & PIPELINE

Oasmia has an emerging pipeline of clinical-stage assets targeting late-stage cancers. Development programs include Cantrixil, in clinical development for late-stage ovarian cancer, and Docetaxel micellar, in development for advanced prostate cancer.



For the company's assets within veterinary medicine operations Oasmia is evaluating strategic alternatives, with the aim of generating value for Oasmia's shareholders, such as through partnership agreements, out-licensing or divestments.

Apealea (paclitaxel micellar) is developed for ovarian cancer patients in the US through a partnership with Elevar Therapeutics, Inc. Oasmia has a proprietary drug delivery technology designed to improve solubility, efficacy and safety.



XR-17™ Technology Platform

Many intravenously-delivered Active Pharmaceutical Ingredients (APIs) are insoluble or poorly soluble in water. This can be a major hurdle in pharmaceutical development and may cause promising drugs to fail during the development process and may limit the application of approved drugs because of poor solubility. According to some estimates, between 70 and 90% of drugs in the development pipeline are classified as poorly soluble, with approximately 40% of approved drugs similarly affected. Techniques to improve i.v. drug solubility, such as the use of solvents in the form of polymers or polyoxyl oil derivatives and ethanol, may give rise to acute and delayed adverse effects that can be severe. Adverse effects caused by carriers have been seen as an unpleasant trade off in cancer treatment and may necessitate the routine use of corticosteroid as premedication and slow infusions that limit patient flow in the busy chemotherapy suites. To meet this unmet medical need and help improve the efficiency of the drug development process, Oasmia has developed and patented the XR-17 drug delivery platform. XR-17 increases the solubility of intravenously delivered compounds and enables Oasmia to develop innovative formulations of APIs.

Potential advantages of XR-17
XR-17 encapsulates pharmaceutical ingredients in micelles, rendering the combined compound hydrophilic and suitable for intravenous administration. Oasmia's toxicological and clinical studies indicate that XR-17 has beneficial properties that may achieve:

- Improved administration of selected intravenous APIs, with the aim of avoiding the use of corticosteroids and antihistamines as required premedication.
- Shortened infusion time, which may facilitate healthcare for patients.
- Depending on the API chosen, a favorable API/solvent ratio is desired – aimed at maintaining a low amount of pharmaceutical excipients per dose while maximizing the delivery of API.
- Free from alcohol and human and/or animal protein.

Commercialized products

Apealea®
Apealea (paclitaxel micellar) is a patented solvent-free formulation: it applies paclitaxel – a cornerstone within chemotherapy for many different forms of cancer – through Oasmia's XR-17 technology platform. Apealea is approved by the European regulatory authority EMA for use in combination with carboplatin for the treatment of adult patients with first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. Apealea has also received orphan drug designation from the US regulatory authority FDA for the treatment of epithelial ovarian cancer, which could entail several potential benefits, including seven years of market exclusivity.

In March 2020 Oasmia signed a global licensing agreement with US-based Elevar Therapeutics Inc. for the further development and commercialization of Apealea. The agreement gave Elevar exclusive rights to develop and commercialize Apealea globally, with the exception of the Nordics, Baltics, Russia and the Commonwealth of Independent States. The agreement includes milestone payments of up to USD 678 million depending on achievement of future sales milestones, clinical development milestones and regulatory approval milestones. Elevar will also pay Oasmia double-digit royalties on sales of Apealea. Oasmia received USD 20 million as an upfront payment.

As announced previously Elevar sub-licensed its commercialization rights in Europe to Inceptua and in the MENA region to Taiba.

Partnerships update

FarmaMondo
In September 2021, Oasmia licensed its development and commercialization rights to Paclical® (Apealea) to FarmaMondo in Russia and the CIS, which includes Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan. Oasmia is in the process of transferring market authorizations in these territories to FarmaMondo.

Elevar
In June 2021, Oasmia filed an application with the EMA to transfer the marketing authorization for Apealea in the EU and UK to Inceptua, Elevar's commercialization partner in Europe. Elevar has informed Oasmia that Inceptua's market access and launch planning activities are underway, with launches planned in selected countries during the first half of 2022. Elevar has also confirmed to Oasmia that it expects the first revenues from commercial sales of Apealea in Europe to be received in 2022 with royalties to follow.

As part of its original agreement with Elevar, Oasmia transferred production responsibilities for Apealea to Elevar. During the third quarter, Elevar purchased the majority of Oasmia's remaining inventory of semi-finished (i.e., unlabeled) drug product, which can be used for either clinical studies or commercial supply by Elevar. Elevar has also taken over Oasmia's contract manufacturing agreement with Baxter for the provision of additional drug product.

Elevar has informed Oasmia that it is reviewing the clinical and regulatory pathway for Apealea in the US in order to maximize the product's commercial potential. This may impact the clinical development timelines for Apealea in the US, and Oasmia will update investors when further information has been provided by Elevar.

Project Pipeline

Cantrixil
Cantrixil is a clinical-stage product candidate being developed for the treatment of ovarian cancer. Cantrixil consists of the active molecule, a potent and selective third generation benzopyran SMETI inhibitor named TRXE-002-01, encapsulated in a cyclodextrin. It is believed to target a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse.

In December 2020, top-line results of a Phase I open-label study (NCT02903771), conducted at sites in the USA and Australia, were released. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. The results from the Phase I study were published in Cancers, a peer reviewed, open access journal of oncology. A Phase II study with Cantrixil is being prepared and the timing of when the trial is expected to be initiated will be communicated when it is known with greater certainty.

Oasmia acquired the global development and commercialization rights for Cantrixil from Kazia Therapeutics in March 2021. Since acquiring these rights, Oasmia has been working on the continued the development of this asset. An advisory board has been established to obtain input on the clinical development plan. Oasmia will also seek advice from the EMA and FDA. The work to manufacture drug supply for upcoming clinical trials is ongoing.

Docetaxel micellar
Docetaxel micellar is a product candidate in early clinical development and is a novel formulation that combines XR-17 with docetaxel – a well-established cytotoxin, currently administered intravenously and containing ethanol.

In June 2020, Oasmia partnered with the Swiss Group for Clinical Cancer Research (SAKK) with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Oasmia's Docetaxel micellar formulation. In June 2021 the first patient was dosed in an investigator-initiated Phase 1b clinical trial in patients with advanced prostate cancer. It is an open-label, multicenter, single-stage study conducted by SAKK at major hospitals in Switzerland, recruiting 18 chemotherapy-naïve patients with metastatic castration resistant prostate cancer (mCRPC) with adequate bone marrow, liver and renal function. The primary objective of this trial is to determine the maximum tolerated dose of Docetaxel micellar in patients with mCRPC and the secondary objectives are to evaluate safety, assess the preliminary anti-tumor activity, and to characterize the pharmacokinetics in this population.

Research and development

XR-18
XR-18 is a research effort based on the XR-17 technology platform intended to provide enhanced properties that improve clinical formulations and applications of active pharmaceutical ingredients (APIs) for cancer treatment. This effort has recently generated promising data including:

- Addition of components to existing XR-17 formulation improving certain properties.
- Synthesis of novel excipients exhibiting XR-17-like properties with enhanced stability characteristics. These modifications will be evaluated for feasibility in various drug formulations.

Oasmia is currently exploring the potential of encapsulating the candidate drug Cantrixil using the XR-17/18 technology in a new discovery-stage program.

XR-19
Oasmia has decided not to pursue development projects using the dual encapsulation technology XR-19, which it believes has limited commercial potential. Oasmia will focus research resources on the in-licensed product candidate Cantrixil with its formulation technologies XR-17/18.

Animal Health

Oasmia's product candidates within veterinary medicine use the XR-17 technology platform to facilitate the administration of intravenously delivered solvent-free active pharmaceutical ingredients. Oasmia is evaluating strategic/commercial alternatives for the company's assets within veterinary medicine operations, with the aim of generating value for Oasmia's shareholders.

Paccal Vet
Paccal Vet utilizes Oasmia's formulation of paclitaxel with its XR-17 encapsulation technology for the treatment of canine mastocytoma. The development program for Paccal Vet is currently on hold, awaiting further strategic decisions.

Doxophos Vet
Doxophos Vet is a patented formulation of doxorubicin, one of the most efficacious and widely used chemotherapeutic substances for the treatment of cancer. Oasmia has developed Doxophos Vet for the treatment of lymphoma, one of the most frequent forms of canine cancer. Pre-clinical and earlier clinical studies have been conducted on dogs with cancer. In the first attempt, Doxophos Vet showed promising efficacy against hematological tumors. The development program is currently on hold, awaiting further strategic decisions.

FINANCIAL INFORMATION

As the Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, the comparative figures in this Interim Report cover the corresponding periods last year, i.e. for the quarter July 1 to September 30, 2020 and the periods January 1 to September 30, 2020 and January 1 to December 31, 2020, respectively.

Condensed consolidated income statement

TSEK	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales	11,920	154	16,553	201,628	201,760
Operating profit/loss	-29,572	-35,194	-126,579	15,117	-44,323
Profit/loss for the period	-30,987	-36,784	-129,873	7,832	-57,541
Earnings per share before and after dilution, SEK	-0.07	-0.08	-0.29	0.02	-0.13

THIRD QUARTER

July 1 – September 30, 2021

Net sales

Net sales amounted to TSEK 11,920 (154) and comprised sales of goods for TSEK 11,883 (117) and licensing revenues of TSEK 37 (37).

Other operating income

Other operating income amounted to TSEK 4,354 (385) and comprised of TSEK 4,551 (0) as a result of the liquidation of the subsidiary AdvaVet, debt crediting of previously recharged costs of TSEK -322 (0), other income of TSEK 0 (37) and foreign exchange gains on customer invoices of TSEK 124 (348).

Operating profit/loss for the quarter

The operating loss for the quarter amounted to TSEK -29,572 (-35,194). The year-on-year difference in operating profit/loss was attributable to substantially lower costs as well as to higher turnover.

Other external expenses amounted to TSEK -15,998 (-31,066) and most of the decrease was due to the corresponding quarter last year including subcontracting costs of TSEK -15,203 due to Oasmia increasing its inventory in the preceding year in conjunction with signing the partnership agreement with Elevar Therapeutics, Inc.

The change in inventories of products in progress and finished goods amounted to TSEK -12,237 (21,292). The corresponding quarter last year included an effect from the build-up of inventory, which partly explains the difference compared to this quarter. The quarter included costs related to the sales of goods as above as well as the write-down of inventory due to expired shelf lives on finished products of TSEK -533 (0).

Employee benefit expenses amounted to TSEK -10,396 (-15,301). The year-on-year decrease in employee benefit expenses was due to the cost-reduction program implemented in autumn 2020. The number of employees at the end of the quarter was 26 (54).

Depreciation, amortization and impairment amounted to TSEK -7,284 (-7,041).

Net financial items for the quarter

Net financial items for the quarter of TSEK -1,415 (-1,590) consisted of financial income amounting to TSEK 459 (1,690) and financial expenses of TSEK 1,874 (3,280).

The financial income comprised capital gains on short-term investments of TSEK 109 (1,821) and interest income from current financial receivables of TSEK 350 (350).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 1,728 (1,768), exchange losses on cash and cash equivalents of TSEK 3 (1,319) and interest expenses from leases of TSEK 143 (193). Last year, the exchange losses and gains on cash and cash equivalents primarily resulted from the Parent Company's USD holdings.

Profit/loss before tax for the quarter
Profit/loss before tax amounted to TSEK -30,987 (-36,784). The year-on-year improvement was attributable to the better operating profit, see above.

Income tax
Reported income tax for the quarter was TSEK 0 (0).

Profit/loss for the quarter
The net loss after tax was TSEK -30,987 (-36,784).

Cash flow and capital expenditure
Net cash flow for the quarter was TSEK 3,264 (-16,782) and consisted of Cash flow from operating activities of TSEK -25,328 (-42,703), Cash flow from investing activities of TSEK 29,990 (27,290) and Cash flow from financing activities of TSEK -1,398 (-1,368).

Cash flow from operating activities
The cash flow from operating activities for the quarter was TSEK -25,328 (-42,703). Cash flow from operating activities improved TSEK 17,375, which was mainly due to changes in inventories and other current receivables as well as the effects of the aforementioned cost-reduction program.

As previously announced, a settlement agreement has been signed with the plaintiffs in the group action submitted against the company in the US in 2019 (June 1, 2020), and Oasmia and its insurers thereafter settled the liability. During the quarter, the approval process of the settlement agreement was concluded by the United States District Court for the Eastern District of New York, which means that the case has also been finally settled in closing the books for the quarter through the change in other current receivables and other current liabilities with corresponding amounts. The above had no net impact on the company's cash flow or financial position.

Cash flow from investing activities
Cash flow from investing activities for the quarter was TSEK 29,990 (27,290).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the quarter consisted of investments in property, plant and equipment of TSEK 10 (942).

Short-term investments
During the third quarter, short-term fixed-income funds amounting to TSEK 30,000 (30,000) were divested. These flows are reported in the cash flow statement as divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -1,398 (-1,368). Amortization of lease liabilities which mainly comprised rental payments recognized as amortization pursuant to IFRS 16 amounted to TSEK -1,398 (-1,368).

THE PERIOD

January 1, 2021 – September 30, 2021

Net sales

Net sales amounted to TSEK 16,553 (201,628) and comprised sales of goods for TSEK 16,442 (416) and licensing revenues of TSEK 111 (201,212). In March 2020, Oasmia and Elevar Therapeutics, Inc. entered a global strategic partnership to commercialize Apealea® with an upfront payment of MUSD 20. The compensation corresponding to TSEK 201,100 was recognized as licensing revenues with the licensing period beginning in April 2020.

Other operating income

Other operating income amounted to TSEK 6,631 (1,205) and comprised of TSEK 4,551 (0) as a result of the liquidation of the subsidiary AdvaVet recharged costs of TSEK 1,863 (359), disposal of equipment of TSEK 20 (0), other income of TSEK 0 (175) and foreign exchange gains on customer invoices of TSEK 196 (671).

Operating profit/loss for the period

The operating loss for the period amounted to TSEK -126,579 (15,117). The year-on-year difference in operating profit/loss was largely attributable to the licensing revenues received from Elevar Therapeutics, Inc., see the above section on net sales. Moreover, the partnership agreement with Elevar Therapeutics, Inc. entails, as previously announced, the shutdown of a considerable share of the company's in-house production, which enabled a substantial staff reduction and led to the impairment of production equipment. These measures were implemented in autumn 2020 and the company is now noting the effects of this cost-reduction program.

Other operating expenses amounted to TSEK -59,940 (-134,896). A major portion of the year-on-year decrease was attributable to other external services TSEK -43,235 (-61,016), primarily lower consulting costs and legal expenses. Moreover, a non-recurring expense attributable to the preparation of a partnership agreement with Elevar Therapeutics, Inc. was charged to the corresponding period last year. The decrease was also due to the corresponding period last year including subcontracting costs of TSEK -38,399 due to Oasmia increasing its inventory in the preceding year in conjunction with signing the partnership agreement with Elevar Therapeutics, Inc.

The change in inventories of products in progress and finished goods amounted to TSEK -34,970 (34,801). The year-on-year difference was also attributable to, in addition to last year's effect from the build-up of inventory, costs for the period for sales as well as the write-down of inventory (see note 3) as a consequence of expired shelf lives.

Employee benefit expenses amounted to TSEK -33,008 (-55,048). The year-on-year decrease in employee benefit expenses was due to the aforementioned cost-reduction program.

Depreciation, amortization and impairment amounted to TSEK -21,603 (-23,700). During the last quarter of the 2019/2020 fiscal year (Feb–Apr 2020), the capitalization of development costs for Apealea®/Paclical was concluded and amortization of capitalized development costs for this product started. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company. The partnership agreement with Elevar Therapeutics, Inc. also led to impairment of production equipment in the corresponding period last year.

During the period, the company's lease for premises was terminated and the head office was moved to more appropriate premises in Stockholm. For the time being, development activities will remain in Uppsala. The number of employees at the end of the period was 26 (54).

Net financial items for the period

Net financial items for the period of TSEK -3,294 (-7,285) consisted of financial income amounting to TSEK 2,453 (4,057) and financial expenses of TSEK 5,747 (11,342).

The financial income comprised capital gains on short-term investments of TSEK 1,405 (3,006) and interest income from current financial receivables of TSEK 1,048 (1,051).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 5,086 (5,104), exchange losses on cash and cash equivalents of TSEK 286 (5,482) and interest expenses from leases of TSEK 375 (756). Last year, the exchange losses and gains on cash and cash equivalents primarily resulted from the Parent Company's USD holdings.

Profit/loss before tax for the period
Profit/loss before tax amounted to TSEK -129,873 (7,832). The difference was due primarily to the inclusion of licensing revenues from Elevar Therapeutics, Inc. of TSEK 201,100 in the year-earlier period and the effect of the cost-reduction program. Compared with the corresponding period last year, other external expenses and employee benefit expenses decreased TSEK 96,996. Financial items also had a positive impact of TSEK 3,991.

Income tax
Reported income tax for the period amounted to TSEK 0 (0).

Profit/loss for the period
The net loss after tax was TSEK -129,873 (7,832).

Cash flow and capital expenditure
Net cash flow for the period was TSEK -33,920 (-268,576) and consisted of Cash flow from operating activities of TSEK 100,429 (18,578), Cash flow from investing activities of TSEK 70,891 (-281,836) and Cash flow from financing activities of TSEK -4,382 (-5,318).

Cash flow from operating activities
Cash flow from operating activities for the period was TSEK 100,429 (18,578). The difference compared with last year was due to the upfront payment of TSEK 201,100 received from Elevar Therapeutics, Inc. Excluding this item, cash flow from operating activities improved TSEK 82,093, which was mainly due to the effects of the aforementioned cost-reduction program.

Cash flow from investing activities
Cash flow from investing activities for the period was TSEK 70,891 (-281,836).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the period consisted of investments in intangible assets of TSEK 33,236 (2,140) and investments in property, plant and equipment of TSEK 873 (4,696). Investments in intangible assets comprised license rights acquisitions of TSEK 33,236 (0). Investments in property, plant and equipment mainly consisted of capital expenditure for IT equipment in the period.

The acquisition of license rights pertained to the global development and commercialization rights for Cantrixil – a clinical-stage ovarian cancer program. The agreement is the first step in Oasmia's strategy to reach critical mass in its oncology portfolio.

Short-term investments
During the period, TSEK 0 (380,000) was invested in sort-term fixed-income funds and short-term fixed-income funds amounting to TSEK 105,000 (105,000) were divested.
These flows are reported respectively in the cash flow statement as short-term investments and divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -4,382 (-5,318) and comprised amortization of lease liabilities of TSEK -4,382 (-4,230). In the third quarter of the 2019/2020 fiscal year, a rights issue was completed that raised net cash proceeds in that period of TSEK 328,134 for the company. For the January to June period of the 2020 calendar year, remaining items related to this rights issue accounted for an inflow of TSEK 1,891 and an outflow of TSEK 2,979 attributable to issue expenses in the cash flow from financing activities.

Financing and financial position

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the period amounted to TSEK 7,185 (53,902).

Short-term investments

The company's liquidity surplus was invested in short-term fixed-income funds. The funds' rates are subject to low volatility and the fund units can be converted into cash within a few banking days.

As of September 30, 2021, the value of the funds was TSEK 142,492 (277,081).

Other borrowings

On October 31, 2020, Oasmia had a debt to MGC Capital Ltd amounting to TSEK 80,000 (80,000), which is reported in the balance sheet as Other borrowings. This debt fell due on August 24, 2019 and, as of September 30, 2021, remained disputed and had not been settled.

In July 2019, Oasmia acquired a claim on MGC of TSEK 60,251 from Arwidsro Investment AB. This receivable was acquired for TSEK 40,251 and is reported in the balance sheet under Other current receivables at this value. This receivable fell due on August 24, 2019 and, as of September 30, 2021, remained disputed and had not been settled. However, in an announcement after the end of the reporting period, Oasmia had reached a settlement with regard to all disputes with MGC, which means that the above balance-sheet items will be removed and the effect reported in closing the books for December 31, 2021. See also Note 5.

In accordance with IFRS 16 Leases, the Group recognizes the present value of future lease payments as interest-bearing liabilities. At the end of the period, the reported lease liabilities amounted to TSEK 12,117 (11,509), of which long-term liabilities were TSEK 5,988 (6,140).

Bank overdraft facility

The Parent Company has an unutilized bank overdraft facility amounting to TSEK 5,000 (5,000).

Equity

At the end of the quarter, equity amounted to TSEK 552,069 (745,236), the equity/assets ratio was 80% (80), and the debt/equity ratio was negative (negative). The reason that the debt/equity ratio is negative is that net debt is negative, meaning that the sum of cash and cash equivalents and short-term investments is greater than borrowing.

Warrants and other instruments outstanding that can increase the number of shares in Oasmia

	No. of options	Max. No. of shares	Subscription price, interval	
Warrants which can be converted to three shares	1,280,250	3,840,750	4.06	USD
Employee stock options which can be converted to one share[1)]	896,739	896,739	7.36	SEK
Employee stock options which can be converted to one share[2)]	375,000	375,000	5.31–7.84	SEK
Max. No. of shares		5,112,489		

1) Directed at the CEO
2) Directed at other senior executives

Warrants that can be converted to three shares are warrants issued in 2015 and which expire on October 28, 2025. One warrant entitles the holder to subscribe for three shares at a subscription price of USD 4.06.

The employee stock option program directed at the company's CEO entailed the issue of 896,739 options, which, subject to continued employment for three years, can be exercised during the period from February 13, 2023 to April 13, 2024 with an agreed strike price of SEK 7.36 per share.

Furthermore, the AGM on September 9, 2020 adopted an employee stock option program directed at other senior executives recruited in 2020. The program encompasses not more than

400,000 options, of which 375,000 have been issued to three senior executives. These can be converted into the same number of shares at strike prices of SEK 5.31, SEK 5.54 and SEK 7.84, respectively, over a 12-month period following a three-year vesting period subject to the senior executive's continued employment for three years.

After the end of the reporting period, an Extraordinary General Meeting resolved on 20 October 2021 to adopt a long-term incentive program based on employee stock options for senior executives in the company. The program consists of no more than 4,500,000 options. The employee stock options entitle, after vesting in accordance with the terms and conditions, the participant to subscribe for shares during the period from and including 1 November 2024 until and including 31 January 2025. Each employee stock option 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 2021.

Effects of the Covid-19 pandemic

Market

The effects of the Covid-19 outbreak have been felt worldwide. As a result of the global pandemic, the company is continuing to experience a clear impact on the company's marketing activities as a result of drastically reduced access to healthcare providers and oncologists.

Personnel

The company has implemented continuity protocols and most of the company's employees have continued to work as before. The company has implemented measures to protect its employees and introduced a policy for remote working where possible.

Supply chain

The Covid-19 outbreak has negatively impacted the supply chain, for example, with increased lead times for certain consumables, though not to any significant extent.

Legal information and additional information

As regards the company's legal proceedings, nothing of material import has taken place during the period. However, on October 21, 2021 after the end of the reporting period, Oasmia reached a settlement (comprising several separate settlement agreements) encompassing all disputes with MGC Capital, former Board members of Oasmia and members of former management. The financial effects of this settlement are of a non-recurring nature and will be presented in the interim report for the fourth quarter of 2021. More information on the settlement is available in the company's press release "Oasmia announces global settlement of all disputes with MGC Capital, former Board Members of Oasmia and members of former management" dated October 21, 2021.

Parent Company

The Parent Company's net sales for the period amounted to TSEK 16,553 (201,628) and profit/loss before tax was TSEK -134,274 (7,127). As of September 30, 2021, the Parent Company's cash and cash equivalents amounted to TSEK 7,185 (53,743) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 142,492 (277,081). During the period, the two subsidiaries Qdoxx Pharma AB and Oasmia Incentive AB were merged into the parent company, which had a positive effect on equity of TSEK 1,400 (0).

Key metrics and other information

	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
No. of shares at end of period, before and after dilution, thousand	448,370	448,370	448,370	448,370	448,370
Weighted average No. of shares, before and after dilution, thousand	448,370	448,370	448,370	448,359	448,364
Earnings per share before and after dilution, SEK	-0.07	-0.08	-0.29	0.02	-0.13
Equity per share, SEK	1.23	1.66	1.23	1.66	1.52
Equity/assets ratio, %	80	80	80	80	79
Net liability, TSEK	-69,677	-250,982	-69,677	-250,982	-207,405
Debt/equity ratio, %	neg.	neg.	neg.	neg.	neg.

Return on total assets, %	neg.	neg.	neg.	5	neg.
Return on equity, %	neg.	neg.	neg.	1	neg.
Number of employees at period end	26	54	26	54	29

Definitions

Earnings per share: Income for the period attributable to the Parent Company shareholders in relation to the weighted average number of shares, before and after dilution, in the period.
Equity per share: Equity attributable to Parent Company shareholders as a ratio of the number of shares at the end of the period.
Equity/assets ratio: Equity as a ratio of total assets.
Net liability: Total borrowings (including the balance-sheet items: liabilities to credit institutions, convertible debt instruments and other borrowings) with deduction of cash and cash equivalents and short-term investments.
Debt/equity ratio: Net liability as a ratio of equity.
Return on total assets: Income before deduction of interest expenses as a ratio of average total assets.
Return on equity: Earnings before taxes as a ratio of average equity.

The key definitions found above are generic definitions often used in analyses and comparisons between different companies. They are therefore given to enable the reader to rapidly and summarily evaluate Oasmia's financial situation and possibly compare with other companies. These have been calculated as follows:

	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Equity per share					
Equity attributable to Parent Company shareholders at the end of the period, TSEK	552,069	745,236	552,069	745,236	680,197
No. of shares at end of period, thousand	448,370	448,370	448,370	448,370	448,370
Equity per share, SEK	**1.23**	**1.66**	**1.23**	**1.66**	**1.52**
Equity/assets ratio					
Equity at end of period, TSEK	552,069	745,236	552,069	745,236	680,197
Total assets at end of period, TSEK	693,303	934,074	693,303	934,074	863,542
Equity/assets ratio	**80%**	**80%**	**80%**	**80%**	**79%**
Net liability, TSEK					
Other borrowings	80,000	80,000	80,000	80,000	80,000
Total borrowings	80,000	80,000	80,000	80,000	80,000
Short-term investments	142,492	277,081	142,492	277,081	247,277
Cash and cash equivalents	7,185	53,902	7,185	53,902	40,128
Total short-term investments, and cash and cash equivalents	149,677	330,982	149,677	330,982	287,405
Net liability	**-69,677**	**-250,982**	**-69,677**	**-250,982**	**-207,405**
Debt/equity ratio					
Net liability, TSEK	-69,677	-250,982	-69,677	-250,982	-207,405
Equity, TSEK	552,069	745,236	552,069	745,236	680,197
Debt/equity ratio	**-13%**	**-34%**	**-13%**	**-34%**	**-30%**
Return on total assets					
Income before deduction of interest expenses	-29,113	-33,504	-124,126	19,175	-39,717
Average total assets	727,296	950,750	778,422	913,967	878,700
Return on total assets	**-4%**	**-4%**	**-16%**	**2%**	**-5%**
Return on equity					
Profit/loss before tax	-30,987	-36,784	-129,873	7,832	-57,541
Average equity	567,371	763,804	616,133	741,863	709,344
Return on equity	**-5%**	**-5%**	**-21%**	**1%**	**-8%**

Consolidated income statement

TSEK	Note	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales		11,920	154	16,553	201,628	201,760
Other operating income		4,354	385	6,631	1,205	2,904
Change in inventories of products in progress and finished goods		-12,237	21,292	-34,970	34,801	35,170
Capitalized development costs		-	0	-	2,140	2,140
Raw materials and consumables		69	-3,617	-242	-11,014	-11,500
Other external expenses		-15,998	-31,066	-59,940	-134,896	-164,562
Employee benefit expenses		-10,396	-15,301	-33,008	-55,048	-69,467
Depreciation, amortization and impairment		-7,284	-7,041	-21,603	-23,700	-40,768
Operating profit/loss		**-29,572**	**-35,194**	**-126,579**	**15,117**	**-44,323**
Financial income		459	1,690	2,453	4,057	4,606
Financial expenses		-1,874	-3,280	-5,747	-11,342	-17,823
Financial income and expenses – net		**-1,415**	**-1,590**	**-3,294**	**-7,285**	**-13,217**
Profit/loss before tax		**-30,987**	**-36,784**	**-129,873**	**7,832**	**-57,541**
Income tax		-	-	-	-	-
Profit/loss for the period		**-30,987**	**-36,784**	**-129,873**	**7,832**	**-57,541**
Profit/loss for the period attributable to:						
Parent Company shareholders		**-30,987**	-36,784	-129,873	7,832	-57,541
Non-controlling interests		-	-	-	-	-
Earnings per share before and after dilution, SEK		-0.07	-0.08	-0.29	0.02	-0.13

Consolidated statement of comprehensive income

TSEK	Note	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Profit/loss for the period		**-30,987**	**-36,784**	**-129,873**	**7,832**	**-57,541**
Other comprehensive income						
Items that may subsequently be transferred to the income statement:						
Translation differences		9	-566	743	-580	-503
Total other comprehensive income		**9**	**-566**	**743**	**-580**	**-503**
Comprehensive income for the period		**-30,978**	**-37,350**	**-129,130**	**7,252**	**-58,044**
Comprehensive income attributable to:						
Parent Company shareholders		-30,978	-37,350	-129,130	7,252	-58,044
Non-controlling interests		-	-	-	-	-

Consolidated statement of financial position

TSEK	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Property, plant and equipment		18,593	28,356	17,630
Capitalized development costs	2	405,683	425,217	420,334
Other intangible assets		40,404	9,408	9,197
Financial assets		301	2,002	302
Total non-current assets		**464,981**	**464,982**	**447,462**
Current assets				
Inventories	3	16,196	48,795	51,496
Accounts receivable		5,037	14,345	1,489
Other current receivables		44,752	42,726	43,063
Prepaid expenses and accrued income		12,660	32,243	32,628
Short-term investments		142,492	277,081	247,277
Cash and cash equivalents		7,185	53,902	40,128
Total current assets		**228,322**	**469,092**	**416,079**
TOTAL ASSETS		**693,303**	**934,074**	**863,542**
EQUITY				
Equity and reserves attributable to Parent Company shareholders				
Share capital		44,837	44,837	44,837
Other capital provided		1,905,762	1,904,503	1,904,760
Reserves		–	-819	-743
Retained earnings, including income for the period		-1,398,530	-1,203,284	-1,268,657
Equity attributable to Parent Company shareholders		**552,069**	**745,236**	**680,197**
Equity attributable to non-controlling interests		0	0	0
Total equity		**552,069**	**745,236**	**680,197**
LIABILITIES				
Long-term liabilities				
Lease liabilities, long-term		5,988	6,140	6,545
Total long-term liabilities		**5,988**	**6,140**	**6,545**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		6,186	15,162	10,678
Lease liabilities, short-term		6,129	5,369	4,204
Other current liabilities		4,942	5,613	4,660
Accrued expenses and deferred income		37,989	76,555	77,259
Total current liabilities		**135,246**	**182,699**	**176,800**
Total liabilities		**141,234**	**188,839**	**183,345**
TOTAL EQUITY AND LIABILITIES		**693,303**	**934,074**	**863,542**

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders						
TSEK	Share capital	Other capital provided	Reserves	Retained earnings, including profit/loss for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, January 1, 2020	**44,837**	**1,905,010**	**-240**	**-1,211,116**	**738,491**	**0**	**738,491**
Profit/loss for the period	–	–	–	7,832	7,832	–	7,832
Other comprehensive income	–	–	-580	–	-580	–	-580
Comprehensive income for the period	**0**	**0**	**-580**	**7,832**	**7,252**	**0**	**7,252**
Employee stock options		472			472		472
Issue expenses	–	-979	–	–	-979	–	-979
Closing balance, September 30, 2020	**44,837**	**1,904,502**	**-820**	**-1,203,285**	**745,234**	**0**	**745,234**
Opening balance, January 1, 2020	**44,837**	**1,905,010**	**-240**	**-1,211,116**	**738,491**	**0**	**738,491**
Profit/loss for the period	–	–	–	-57,541	-57,541	–	-57,541
Other comprehensive income	–	–	-503	–	-503	–	-503
Comprehensive income for the period	**0**	**0**	**-503**	**-57,541**	**-58,044**	**0**	**-58,044**
Employee stock options		729			729	–	729
Issue expenses		-979			-979	–	-979
Closing balance, December 31, 2020	**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**
Opening balance, January 1, 2021	**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**
Profit/loss for the period	–	–	–	-129,873	-129,873	–	-129,873
Other comprehensive income	–	–	743	–	743	–	-12,247
Comprehensive income for the period	**0**	**0**	**743**	**-129,873**	**-129,130**	**0**	**-129,130**
Employee stock options	–	1,002	–	–	1,002	–	1,002
Closing balance, September 30, 2021	**44,837**	**1,905,762**	**0**	**-1,398,530**	**552,069**	**0**	**552,069**

Consolidated statement of cash flows

TSEK	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Operating activities					
Operating profit/loss	-29,572	-35,194	-126,579	15,117	-44,323
Adjustments for non-cash items	3,836	9,979	17,057	30,124	47,323
Interest received	0	3	0	6	6
Interest paid	232	-234	-38	-610	-913
Cash flow from operating activities before changes in working capital	**-25,504**	**-25,446**	**-109,560**	**44,637**	**2,093**
Changes in working capital					
Change in inventories	11,752	-19,712	35,300	-38,365	-41,066
Change in accounts receivable	-3,095	-13,849	-3,548	-14,398	-1,541
Change in other current receivables	25,469	14,744	18,279	-11,124	-11,504
Change in accounts payable	-3,340	-6,882	-4,530	-5,933	-10,417
Change in other current liabilities	-30,610	8,441	-36,370	43,762	41,951
Cash flow from operating activities	**-25,328**	**-42,703**	**-100,429**	**18,578**	**-20,485**
Investing activities					
Investments in intangible assets	–	-1,768	-33,236	-2,140	-2,140
Investments in property, plant and equipment	-10	-942	-873	-4,696	-5,350
Short-term investments	–	–	–	-380,000	-380,000
Divestment of short-term investments	30,000	30,000	105,000	105,000	135,000
Cash flow from investing activities	**29,990**	**27,290**	**70,891**	**-281,836**	**-252,490**
Financing activities					
Repayment of convertible debt instruments	–	–	–	–	–
Amortization of lease liability	-1,398	-1,368	-4,382	-4,230	-5,535
New share issues	–	–	–	1,891	1,891
Issue expenses	–	0	–	-2,979	-2,979
Cash flow from financing activities	**-1,398**	**-1,368**	**-4,382**	**-5,318**	**-6,623**
Cash flow for the period	**3,264**	**-16,782**	**-33,920**	**-268,576**	**-279,598**
Effects of exchange rate changes on cash and cash equivalents	**28**	**-962**	**977**	**-3,181**	**-5,932**
Cash and cash equivalents at the beginning of the period	**3,893**	**71,645**	**40,128**	**325,658**	**325,658**
Cash and cash equivalents at the end of the period	**7,185**	**53,901**	**7,185**	**53,901**	**40,128**

Parent Company income statement

TSEK	Note	2021 Jul–Sep	2020 Jul–Sep	2021 Jan–Sep	2020 Jan–Sep	2020 Jan–Dec
Net sales		11,920	154	16,553	201,628	201,760
Change in inventories of products in progress and finished goods		-12,237	21,292	-34,970	34,801	35,170
Capitalized development costs		–	0	–	2,140	2,140
Other operating income		-197	385	2,080	1,205	2,904
Raw materials and consumables		69	-3,617	-242	-11,014	-11,501
Other external expenses		-17,336	-33,278	-63,287	-140,025	-174,990
Employee benefit expenses		-10,396	-15,301	-33,008	-55,026	-69,445
Depreciation, amortization and impairment of PPE and intangible assets		-6,322	-5,650	-18,481	-19,528	-31,148
Operating profit/loss		**-34,499**	**-36,015**	**-131,355**	**14,181**	**-45,109**
Profit/loss from participations in Group companies		330	-47	0	-1,095	-1,773
Other interest income and similar income		459	1,690	2,453	4,751	5,716
Impairment of financial non-current assets		0				
Interest expenses and similar expenses		-1,729	-3,088	-5,372	-10,710	-16,892
Financial income and expenses – net		**-940**	**-1,445**	**-2,919**	**-7,054**	**-12,948**
Profit/loss before tax		**-35,439**	**-37,460**	**-134,274**	**7,127**	**-58,057**
Income tax on profit/loss for the period		–	–	–	–	–
Profit/loss for the period		**-35,439**	**-37,460**	**-134,274**	**7,127**	**-58,057**

Parent Company balance sheet

TSEK	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalized development costs	2	405,682	425,217	420,334
Concessions, patents, licenses, trademarks and similar rights		40,404	9,408	9,197
Property, plant and equipment				
Equipment, tools and fixtures and fittings		8,419	9,949	9,310
Construction in progress and advance payments for property, plant and equipment		648	5,888	655
Financial assets				
Participations in Group companies		0	60	60
Other securities held as non-current assets		301	2,001	301
Total non-current assets		**455,454**	**452,522**	**439,857**
Current assets				
Inventories, etc.	3			
Raw materials and consumables		6,971	5,083	7,414
Products in progress		8,678	10,307	10,810
Finished goods		547	33,405	33,271
		16,196	48,795	51,496
Current receivables				
Accounts receivable		5,037	14,345	1,489
Receivables from Group companies		–	0	–
Other current receivables		44,751	42,725	43,061
Prepaid expenses and accrued income		13,027	33,776	33,970
		62,815	90,846	78,520
Short-term investments		142,492	277,081	247,277
Cash and bank balances		7,185	53,743	39,957
Total current assets		**228,688**	**470,465**	**417,249**
TOTAL ASSETS		**684,142**	**922,988**	**857,105**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		44,837	44,837	44,837
Statutory reserve		4,620	4,620	4,620
Reserve for development costs		25,819	27,522	27,096
		75,276	76,979	76,553
Non-restricted equity				
Share premium reserve		1,905,762	1,904,816	1,905,073
Retained earnings		-1,294,160	-1,239,206	-1,238,780
Profit/loss for the period		-134,274	7,127	-58,057
		477,328	672,737	608,235
Total equity[1]		**552,604**	**749,716**	**684,788**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		6,185	13,533	9,093
Liabilities to Group companies		0	2,784	2,784
Other current liabilities		4,941	4,131	3,177
Accrued expenses and deferred income		40,412	72,824	77,262
Total current liabilities		**131,538**	**173,272**	**172,317**
TOTAL EQUITY AND LIABILITIES		**684,142**	**922,988**	**857,105**

Parent Company statement of changes in equity

	Restricted equity			Non-restricted equity		
TSEK	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve	Retained earnings, including profit/loss for the year	Total equity
Opening balance, January 1, 2020	**44,837**	**4,620**	**26,281**	**1,905,321**	**-1,237,965**	**743,094**
Profit/loss for the period	–	–		–	7,127	7,127
Provision to Reserve for development costs	–	–	2,140	–	-2,140	0
Reversal of Reserve for development costs	–	–	-899	–	899	0
Employee stock options	–	–	–	472	–	472
Issue expenses	–	–	–	-979	–	-979
Closing balance, September 30, 2020	**44,837**	**4,620**	**27,522**	**1,904,814**	**-1,232,079**	**749,715**
Opening balance, January 1, 2020	**44,837**	**4,620**	**26,281**	**1,905,323**	**-1,237,965**	**743,096**
Profit/loss for the year	–	–	–	–	-58,057	-58,057
Provision to Reserve for development costs	–	–	2,140	–	-2,140	0
Reversal of Reserve for development costs	–	–	-1,325	–	1,325	0
Employee stock options	–	–	–	729	–	729
Issue expenses	–	–	–	-979	–	-979
Closing balance, December 31, 2020	**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Opening balance, January 1, 2021	**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Profit/loss for the period	–	–	–	–	-134,274	-134,274
Provision to Reserve for development costs	–	–	–	–	–	0
Reversal of Reserve for development costs	–	–	-1,277	–	1,277	0
Result from merger					1,400	1,400
Employee stock options	–	–	–	689	–	689
Closing balance, September 30, 2021	**44,837**	**4,620**	**25,819**	**1,905,762**	**-1,428,434**	**552,604**

NOTE 1 – Accounting policies, etc.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Securities Market Act. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as recommendation RFR 1 Supplementary Accounting Regulations for Groups and the Annual Accounts Act.

The Group's accounting policies and calculation methods are consistent with those used in the Annual Report for the fiscal year from May 1, 2020 to December 31, 2020.

The Parent Company's accounts are presented in accordance with the Annual Accounts Act and recommendation RFR 2 Accounting for Legal Entities.

No new or amended IFRS standards or IFRIC interpretations have entered force since January 1, 2021 that have had any impact on Oasmia's financial statements.

The carrying amounts for loan receivables, other receivables, cash and cash equivalents, accounts payable and other liabilities comprise reasonable approximations of fair value.

The Group currently has only one operating segment and does not therefore report any information by segment.

As the Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, the comparative figures in this Interim Report cover the corresponding periods last year, i.e. for the quarter July 1 to September 30, 2020 and the periods January 1 to September 30, 2020 and January 1 to December 31, 2020, respectively.

Note 2 Capitalized development costs

Oasmia has capitalized development costs consisting of the company's work on clinical trials in Phase III for the product candidates Paclical/Apealea® and Paccal Vet. The accumulated assets by product candidate are shown below.

TSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Paclical	296,275	315,809	310,926
Paccal Vet	109,408	109,408	109,408
Total	405,683	425,217	420,334

Amortization in the period amounted to TSEK 14,651 (10,431).

Note 3 Inventories

TSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Valued at the lower of acquisition value and fair value			
Raw materials and consumables	6,971	5,083	7,414
Products in progress	8,678	10,307	10,811
Finished goods	547	33,405	33,271
Total	16,196	48,795	51,496

Goods have been expensed and written down as follows:

	2021	2020	2020
TSEK	Jan–Sep	Jan–Sep	Jan–Dec
Expensed goods	17,330	–	134
Written down goods	17,448	5,404	5,404

Note 4 Transactions with related parties

During the period in 2021, the subsidiary AdvaVet was liquidated pursuant to the Board decision taken in the preceding fiscal year. As a consequence of the liquidation being completed during the quarter, other operating income amounting to SEK 4,551 thousand (0) was reported in the Group.

During the period, expenses in the form of consultancy fees to members of the Board or management were recognized in an amount of TSEK 1,680.

Otherwise, no material transactions with related parties were conducted during the quarter other than the remuneration disbursed to Board members and employees.

Note 5 Contingent liabilities, pledged assets and contingent assets

The Parent Company has taken out a chattel mortgage of TSEK 8,000 with a bank as collateral for an overdraft facility of TSEK 5,000 (and as the limit for a foreign currency derivative of TSEK 3,000.

Balance with MGC Capital LTD. (MGC)

MGC presented a claim for compensation from Oasmia as a result of MGC not being allowed to subscribe for shares by means of 23.2 million warrants. The associated claim is set at approximately MSEK 230 and is based on the assumption that MSEK was entitled to the warrants and that MGC divested all of its shares in November 2018. MGC applied for an initial subpoena partly for the claim of MSEK 80 and partly for damages that have been adjusted to approximately MSEK 230.

In July 2019, Oasmia acquired a claim on MGC from Arwidsro Investment AB as part of the settlement agreement between Arwidsro and Oasmia. The nominal value of the receivable on October 31, 2019 amounted to TSEK 60,251, but when the receivable was acquired for TSEK 40,251, it was entered as an asset in the balance sheet at this value.

However, in an announcement after the end of the reporting period, Oasmia had reached a settlement with regard to all disputes with MGC, which means that the above balance-sheet items will be removed in closing the books for December 31, 2021. The financial effects of this settlement (a positive earnings effect of approximately SEK 32.5 million and a negative cash flow effect of approximately SEK 24.5 million) are of a non-recurring nature and will be presented in the interim report for the fourth quarter of 2021.

Note 6 Risk factors

The Group is exposed to various types of risk through its operations. Through creating awareness of the risks inherent to operations, these risks can be limited, controlled and managed at the same time as business opportunities can be leveraged to increase earnings.

The risks pertaining to Oasmia's operations are detailed in the Annual Report for the fiscal year from May 1, 2020 to December 31, 2020.

The Board of Directors and the CEO of Oasmia Pharmaceutical AB certify that this Interim report gives a fair view of the Parent Company's and the Group's activities, position and results, and describes essential risks and uncertainty factors that the Parent Company and the companies that are part of the Group face.

Uppsala, November 18, 2021

Anders Härfstrand, Chairman of the Board	Hege Hellström, Member of the Board
Birgit Stattin Norinder, Member of the Board	Peter Zonabend, Member of the Board
Andrea Buscaglia, Member of the Board	François Martelet, CEO

This report contains forward-looking statements including valuations of intangible assets which are based on assessments of future events. When words such as "foresees," "believes," "estimates," "expects," "intends," "plans" and "projects" occur in this report, they represent forward-looking statements. These statements may include risks and uncertainties concerning, for example, product demand, market acceptance, effects of economic conditions, the impact from competing products and pricing, currency effects and other risks. These forward-looking statements reflect Oasmia management's view of future events at the time these statements are made but are made subject to different risks and uncertainties. All these forward-looking statements are based on Oasmia management's estimates and assumptions and are assessed to be reasonable but are by their very nature uncertain and difficult to foresee. Actual outcomes and experiences may deviate considerably from the forward-looking statements. Oasmia does not intend, and does not undertake, to update these forward-looking statements.

This information is information that Oasmia Pharmaceutical AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 08:00 CET on November 18, 2021.

This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall take precedence.

This report has been reviewed by the company's auditors.

REVIEW REPORT

Oasmia Pharmaceutical AB (publ)
Corp. id. 556332-6676

Translation from the Swedish original

Introduction

We have reviewed the condensed interim financial information (interim report) of Oasmia Pharmaceutical AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 18 November 2021

KPMG AB

Duane Swanson	Henrik Lind
Authorized Public Accountant	Authorized Public Accountant

Auditor in charge

COMPANY INFORMATION

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Financial calendar

Year-end report (Jan-Dec 2021)	February 24, 2022
Annual Report publication	Week 17, 2022
Interim report Q1 (Jan-Mar 2022)	May 25, 2022
Annual General Meeting 2022	May 25, 2022
Interim report Q2 (Jan-Jun 2022)	August 25, 2022
Interim report Q3 (Jan-Sep 2022)	November 17, 2022
Year-end report (Jan-Dec 2022)	February 23, 2023