oasmia

# OASMIA PHARMACEUTICAL AB
# ANNUAL REPORT 2014/2015

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Oasmia has decided not to print and distribute the Annual Report, for environmental reasons. It may be ordered via Oasmia's website.


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# YEAR IN BRIEF

## FINANCIAL YEAR MAY 1, 2014 – APRIL 30, 2015

- Consolidated net sales amounted to TSEK 2,070 (60).
- Operating income was TSEK -108,225 (-98,091).
- Net income after tax amounted to TSEK -117,497 (-105,112).
- Earnings per share were SEK -1.28 (-1.27).
- Comprehensive income amounted to TSEK -117,497 (-105,112).
- Paclical gained market approval in Russia.
- Oasmia initiated a clinical phase II study on Doxophos Vet for the treatment of lymphoma in dogs.
- Oasmia moved to the Mid Cap segment of Nasdaq Stockholm.
- Oasmia carried out a rights issue of MSEK 176 and a private placement of MSEK 50.
- Oasmia's oncology product Paclical demonstrated a positive risk/benefit profile compared with standard treatment in a comprehensive clinical phase III study.
- Oasmia's leading human product candidate Paclical successfully met the study objectives in a comprehensive phase III study.

## EVENTS AFTER CLOSING DAY

- Oasmia changed the composition of the Board and appointed a new CEO.
- A resolution authorizing the Board to issue new shares, warrants and/or convertible instruments was approved.
- Oasmia launched US Brand and Sales platform
- Oasmia filed a registration statement on Form F-1/A for its proposed public offering and an application with NASDAQ for a US listing.
- Oasmia announced positive results for Paclical from a head to head comparison study with Abraxane.

# KEY FIGURES

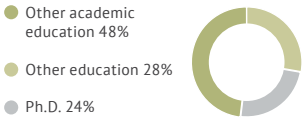
**MSEK 1,957**

**COMPANY'S MARKET CAPITALIZATION AT END OF FINANCIAL YEAR**

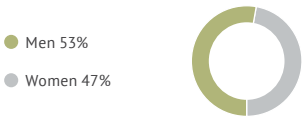
**SEK -1.28**

**EARNINGS PER SHARE**

**EDUCATION**




**OASMIA'S EMPLOYEES**




# HISTORY

**1999** – Oasmia Pharmaceutical AB was founded.

**2004** – Clinical trials on Paclical initiated.

**2005** – Clinical trials on Paccal Vet® initiated.

**2006** – Oasmia obtained SME status from EMA. Paclical granted orphan drug status by EMA.

**2007** – Clinical phase III studies on Paccal Vet initiated.

**2008** – Clinical phase III studies on Paclical initiated.

**2009** – Distribution agreement entered into with Abbott Laboratories for Paccal Vet in the USA and Canada. The US Food and Drug Administration (FDA) granted Paclical orphan drug status for the treatment of ovarian cancer in the USA.

**2010** – Licensing agreement entered into with Nippon Zenyaku Kogyo Co. Ltd. for Paccal Vet in Japan. Oasmia changed trading platform from NGM Equity to NASDAQ Stockholm. Oasmia submitted registration documentation for Paccal Vet to EMA (EU) and FDA (USA).

**2011** – Oasmia listed on Frankfurt Stock Exchange. Agreement entered into with Baxter Oncology GmbH for contract manufacturing. Results from interim analysis demonstrate that Paclical met the clinical requirement of non-inferiority vis-à-vis Taxol®.

**2012** – FDA granted MUMS designation to Paccal Vet for the treatment of mammary carcinoma and to Doxophos Vet for the treatment of lymphoma.

**2013** – Development of OAS-19 initiated, the first drug candidate with two active cytostatics in one infusion. Oasmia and Pharmasyntez signed an agreement regarding the rights to Paclical in Russia and the CIS.

**2014** – Paccal Vet obtained conditional approval from the FDA. Oasmia's production facility approved by both the FDA and EMA. Oasmia moved to the Mid Cap segment of NASDAQ Stockholm.

**2015** – Paclical obtained market approval for the treatment of ovarian cancer in Russia.

# FIRST STEPS AS A PRODUCING PHARMACEUTICAL COMPANY

**JULIAN ALEKSOV**
Outgoing CEO and new Chairman of the Board of Oasmia and one of the company founders.

## DEAR SHAREHOLDERS,

When I summarized the previous financial year 2013-14, I was pleased to note that we had taken some very important steps on our exciting journey, where the development of our research projects and our technology was proceeding completely according to plan, not least due to the fact that our main veterinary project – Paccal Vet-CA1 – had been approved in the USA.

During this financial year we have continued with undiminished urgency this transformation from a research and development company into a pharmaceutical company with products on the market. We can report several crucial steps forward over the past twelve months – both scientific and financial – which will be of great importance for Oasmia's future growth opportunities.

At the beginning of 2015 we also initiated a clinical phase II study in the USA and Sweden on Doxophos Vet for the treatment of lymphoma in dogs. This is an important step for veterinarians, who with Doxophos Vet will be able to offer treatment that is tested on dogs for dogs. There is no specific veterinary form of treatment for lymphoma in dogs today.

Without detracting from how pleased we are with these important steps in the field of veterinary oncology, there is no doubt that it is on the human side that we were able to report several very important pieces of news regarding our prioritized Paclical project, for the treatment of ovarian cancer.

In June 2014 we announced that Paclical had successfully achieved the primary objective described in the study design for our extensive phase III study. Data showed that Paclical, which has orphan drug status in the EU and USA, fulfilled the requirement of non-inferiority vis-à-vis Taxol, as defined in the study design. The aim of this open, randomized, multicentre phase III study, which included a total of 789 patients, was to compare the efficacy and safety of Paclical and Taxol, which is also based on paclitaxel. Both Paclical and Taxol were administered in combination with carboplatin.

At the end of October 2014 the final report from the clinical trial showed that Paclical has a positive risk/benefit profile, that is the advantages of Paclical outweigh the risks of the treatment. The data will form the basis of an application for market approval to the EMA (European Medicines Agency).

*"After many years' hard work on the part of everyone involved at Oasmia, we have finally obtained this important market approval, which means that Paclical can be sold in Russia and the CIS"*

We presented data from the study at the yearly ASCO Annual Meeting, which was held in Chicago from May 29 to June 2, 2014. It was the first time that phase III data from the study were presented to the scientific community. ASCO (American Society for Clinical Oncology) is a body representing American oncologists and gives recommendations regarding clinical treatment and practice in the field of oncology. It also issues the Journal of Clinical Oncology. The fact that we were given the opportunity to present Paclical at this important meeting emphasizes its importance.

At the same time as we are continuing our dialogue with the American and European authorities, we were able to announce in April 2015 the very important news that Paclical has been granted market approval in Russia by the Russian Ministry of Health. Paclical, which is the first totally water-soluble cancer drug incorporating paclitaxel to be approved for sales, is under licence to the Russian pharmaceutical company Pharmasyntez.

After many years' hard work on the part of everyone involved at Oasmia, we have finally obtained this important market approval, which means that Paclical can be sold in Russia and the CIS (Commonwealth of Independent States). Together with our partner Pharmasyntez we plan to launch Paclical in the autumn and we hope that we will have, and look forward to having, a great impact on the market. The market approval is based on the extensive phase III study which we carried out in 16 countries, where approximately 45% of the patients were Russian. Paclical is thus known to Russian oncologists. I cannot emphasize enough the importance of this approval.

During the year we continued the development work on our other human projects, primarily Docecal which is a patented formulation of the cytostatic docetaxel in combination with XR-17 for the treatment of breast cancer. Oasmia now plans for a clinical phase I study and a safety and tolerance study.

On the financial side we were able to strengthen our positions during the past year, not least via the rights issue during autumn 2014, which generated approximately MSEK 176 for the company before issue expenses. The funds from the issue are being used for operational costs and investments in connection with registration of Paccal Vet and Paclical, the necessary scaling-up of our production facilities, and for coming clinical studies.

We are now well-equipped to continue to build a strong Oasmia for the future. Now that we are entering a new and important phase of the company's history, I have decided to hand over the baton to Mikael Asp, who has been responsible for the Quality Assurance function at Oasmia since 2013. Mikael, who has great experience of research, development, production and quality assurance from a number of companies in the international pharmaceutical industry, assumed the position of CEO of Oasmia on May 29. He is the natural choice to lead the company now that we are entering a more production-oriented phase. I myself will continue as Executive Chairman of the Board and will of course be closely involved in the future development of Oasmia. After all these years of dreams and hopes it would feel strange not to be part of the coming year's exciting challenges.

Finally, I would like to take this opportunity to thank my fantastic coworkers, who have done an outstanding job of building this fine company. Without them Oasmia would not have been anything other than just dreams and hopes. It is now that the true journey is beginning for Oasmia. I hope that you shareholders also want to be a part of it.

**JULIAN ALEKSOV**
*Outgoing CEO and new Chairman of the Board*

# THE SHARE

## LISTING AND TRADING

The Oasmia share has been listed on NASDAQ Stockholm since 2010 (ticker OASM) and on the Frankfurt Stock Exchange since 2011 (ticker OMAX). During the financial year the company moved to the Mid Cap segment of NASDAQ Stockholm, which comprises companies with a market capitalization of between 150 million and 1 billion euros. Most of the turnover of shares takes place in Stockholm, while the listing in Frankfurt is part of the preparations for Oasmia's launch of commercial products on the international pharmaceutical market. The total turnover of Oasmia shares during the financial year was 19,432,783 on NASDAQ Stockholm and 19,703 on the Frankfurt Stock Exchange.

## PRICE TREND

The company's market capitalization increased from MSEK 1,595 to MSEK 1,957 during the financial year. The chart below shows the share price on NASDAQ Stockholm throughout the financial year and on the last day of the year.

## DIVIDEND POLICY

Oasmia has never paid any dividends and the Board does not intend to propose any dividend for the past financial year or to commit to a fixed dividend rate.

## AUTHORIZATIONS

At the Annual General Meeting held on September 29, 2014, an authorization was granted to the Board, effective until the next meeting on September 28, 2015. It referred to a new share issue of a maximum of 20,000,000 shares. It was utilized during the year for a private placement of 2,500,000 shares in July 2014 and for a rights issue of 9,785,814 shares in November 2014.

At an Extraordinary General Meeting held on May 28, 2015, an authorization was granted to the Board, effective until the next Annual General Meeting on September 28, 2015. The authorization referred to the new issue of shares, convertible instruments and warrants whereby the share capital may increase by a maximum of SEK 1,500,000 over and above the increase in share capital that may occur as a result of previous authorizations effective until the next Annual General Meeting.

## PRIVATE PLACEMENT 2014

On July 3 Oasmia announced a private placement of 2,500,000 new shares to a number of international institutional investors and accredited investors in Sweden at a price of SEK 20 per share. The share issue was registered in its entirety at the Swedish Companies Registration Office on July 9, 2014.

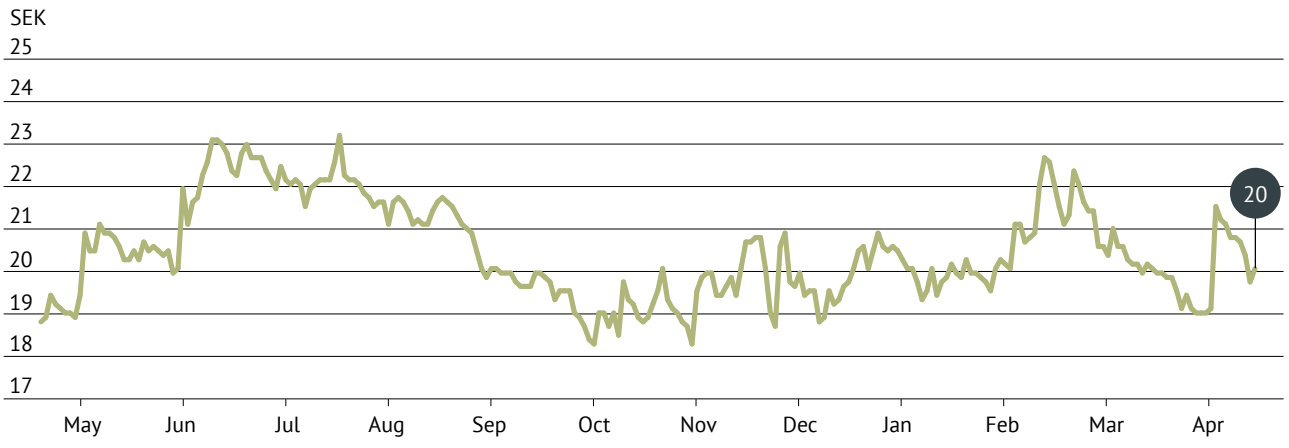
## RIGHTS ISSUE 2014

On November 11 Oasmia announced a new issue of shares with preemption rights for existing shareholders, corresponding to 9,785,814 new shares at a price of SEK 18 per share. The share issue was registered in its entirety at the Swedish Companies Registration Office on December 15, 2014.

## SHARE CAPITAL

The total number of shares on April 30, 2015 was 97,858,144. Each share has a nominal value of SEK 0.10 and the share capital on April 30, 2015 was SEK 9,785,814. The increase in the number of shares and votes is attributable to the private placement of 2,500,000 new shares and to the rights issue of 9,785,814 shares carried out during the financial year. According to the Articles of Association, the share capital shall be no less than SEK 3,350,000 and no more than SEK 13,400,000 divided into a minimum of 33,500,000 shares and a maximum of 134,000,000 shares.

## OASMIA'S SHARE PRICE MAY 2014 – APRIL 2015




# PRODUCTION

Oasmia has marketing approval for two drugs, Paccal Vet-CA1 and Paclical. There has been conditional approval for Paccal Vet CA-1 in the USA since February 2014 for the treatment of mammary carcinoma and squamous cell carcinoma in dogs, and in April this year the registration of Paclical was approved in Russia for the treatment of ovarian cancer. Besides Paccal Vet and Paclical, Oasmia has two further oncology products (Doxophos and Docecal) which are being tested, or which will be tested shortly, in clinical studies.

The manufacturing of drugs requires approval. Oasmia has approval from the Swedish Medical Products Agency (MPA) and the US Food and Drug Administration (FDA) to manufacture drugs for both clinical trials and sales. Manufacturing approval requires the maintenance of cGMP (current Good Manufacturing Practice). GMP ensures that the patient is given drugs that are safe and of the right quality. The authorities carry out regular inspections to ensure cGMP. Oasmia has been inspected several times by the MPA and on two occasions by the FDA. The inspections have been a success and are proof that Oasmia's quality system and processes work satisfactorily and meet cGMP. Work is constantly ongoing at Oasmia to improve and secure the quality system.

So far all manufacture of the oncology products Paccal Vet, Paclical, Doxophos Vet, Doxophos, Docecal and XR-17 has taken place in Oasmia's production premises in Uppsala. In brief, this is done as follows: the active substance (the cytostatic) is mixed with the excipient XR-17 and a water solution of the product is prepared. In the water solution the product forms micelles where the active substance is enclosed by the excipient. The water solution is sterile filtered, filled in vials and freeze-dried. As the process is aseptic high demands are placed on the clean room premises, the production equipment and not least the competence of the personnel. Oasmia therefore has a comprehensive accreditation programme for the premises, equipment and staff in production.

The production facility at Oasmia is dimensioned for manufacturing on a smaller scale. So as to be able to supply the market with pharmaceuticals for both human and veterinary use, the manufacturing process for Paclical and Paccal Vet is being scaled up and outsourced to Baxter Oncology GmbH in Halle, Germany. Baxter Oncology has a long series of successful inspections from both the FDA and other pharmaceutical authorities and is therefore a natural choice for Oasmia. It is also necessary that manufacturing of XR-17 is scaled up for larger production volumes. Oasmia is on the way into a commercial phase.

# XR-17

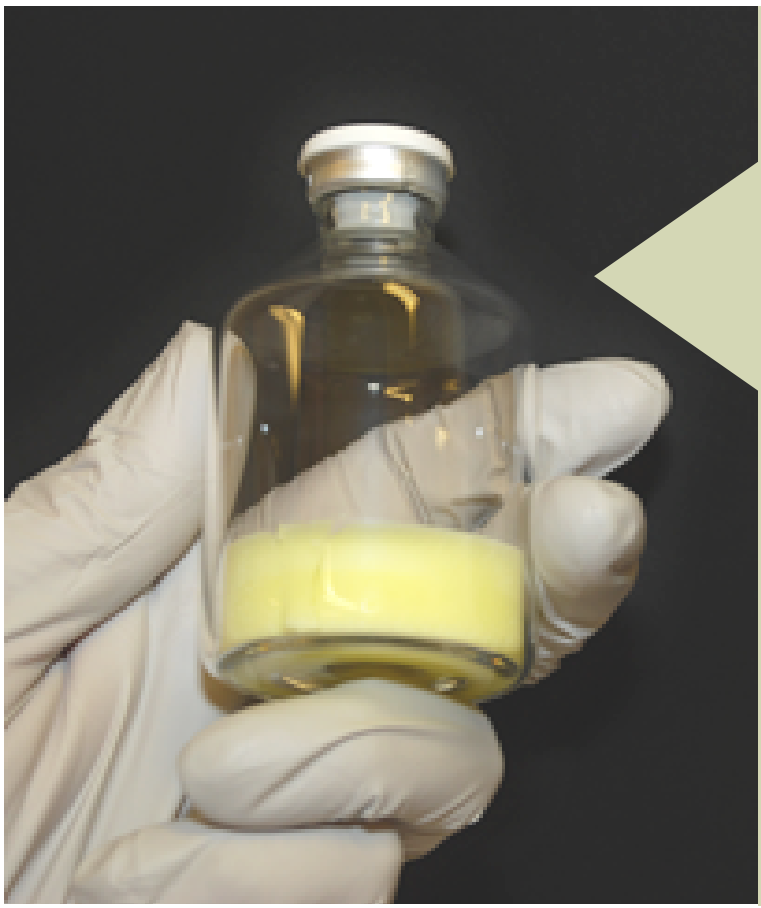
## – MAKING GOOD DRUGS BETTER

Oasmia applies a type of nanotechnology where insoluble substances are contained within a water-soluble enclosure, a so-called micelle. It is only certain molecules, called surfactants, which can form micelles. This is because one end of the molecule is water-soluble and the other end is fat-soluble. When these molecules are in water, they form spheres where the fat-soluble ends fall inside the sphere, while the water-soluble components are directed outwards. In this way the fat-soluble ends are "protected" from water. This property means that other molecules can also be enclosed within the spheres and can then be released when the sphere is dissolved.

Surfactants are known in pharmaceutical terms as excipients. XR-17 is Oasmia's proprietary excipient and is based on Vitamin A. XR-17 forms micelles that are between 20 and 60 nanometres in size. One property that makes XR-17 special is that this excipient can also form micelles with water-soluble substances. This increases its potential uses significantly.

Once XR-17 has delivered the encapsulated molecule or molecules to the target, the excipient is metabolized naturally. This technique is not only limited to one molecule: XR-17 can also enclose several molecules in micelles simultaneously regardless of the molecules' solubility in water. This allows, for example, for two cytostatics to be given in a single infusion, where this would usually require two infusions. This is the principle behind Oasmia's latest drug candidate OAS-19.

**INFOBOX**



### NANO

*– doing great things by small means*

Nanotechnology is often called "atomic crafts". A nanometre is one billionth of a metre. As a comparison, most atoms are between 0.1 and 0.2 nanometres large, a strand of DNA is two nanometres wide, a red blood cell is about 7,000 nanometres in diameter and a human hair is 70,000 nanometres wide. By working with atoms and molecules at the nanoscale level, completely new materials can be designed.

Within pharmaceutical development, nanotechnology largely concerns nanoparticles which can carry other pharmaceutical agents and deliver them to the desired location within the body in a much more efficient way than previous technology. This is especially useful for drugs that have poor water solubility.

Through the formation of water-soluble nanoparticles, substances that are normally very difficult to manage can be used in conjunction with standard medical equipment and solutions. This can be done in several different ways. It is common to connect the active drug molecule to a larger carrier molecule, e.g. a protein, and allow the protein to deliver the molecule to where it must operate.

# RESEARCH, DEVELOPMENT AND PROJECT PORTFOLIO

## HUMAN HEALTH

### PACLICAL

Paclical is a water-soluble formulation of XR-17 and paclitaxel. Paclitaxel is one of the most widely used anti-cancer substances and is included in the standard treatment of a variety of cancers such as lung cancer, breast cancer and ovarian cancer. Paclical consists of a freeze-dried powder dissolved in a conventional solution for infusion. During spring 2015 Paclical was approved for the treatment of ovarian cancer in Russia. It has orphan drug status in the EU and the US for the indication of ovarian cancer. Oasmia and the Russian pharmaceutical company Pharmasyntez have collaboration regarding joint product development as well as an agreement for the distribution of Paclical in Russia and the CIS. Medison Pharma already owns the distribution rights to Paclical in Turkey and Israel.

During the financial year Oasmia obtained market approval for sales of Paclical in Russia. The company has also started work on an application to the EMA for marketing approval for Europe, based on the results from the ovarian cancer study. Work continues on collecting survival data, which is to be included in the application for marketing approval to the FDA for the US market. Furthermore, the last patient has been treated in a pharmacokinetic study where Paclical is compared with Abraxane. The company has also treated the last patients in a study to determine the dosage for weekly treatment of breast cancer with Paclical, something which opens up new treatment opportunities and means that Oasmia has taken the first step towards yet another indication for Paclical.

### DOXOPHOS

Doxophos is a patented formulation of XR-17 and doxorubicin. Doxorubicin has been used in the treatment of cancer since the 1950s. It is a very effective cytostatic, but can give strong and serious adverse effects. The most serious of these is chronic heart failure due to too great a cumulative dose. Oasmia hopes that these adverse effects can be reduced through the use of a nanoparticle solution.

All preclinical development is complete for the product candidate and Oasmia has permission to manufacture Doxophos for clinical trials. The company is planning a pharmacokinetic study for Doxophos.

### DOCECAL

A formulation of XR-17 and docetaxel. Docetaxel is a further development of paclitaxel and is widely used, above all in the treatment of prostate cancer and breast cancer.

During the year development work on Docecal has come so far that the substance is ready for clinical studies. The work has focused above all on the production of Docecal.

### OAS-19

A unique formulation of two very widely used and effective cytostatics together with XR-17 and can be given in an infusion. It is a completely new concept and has the potential to make today's combination treatments more effective and also to become a new choice of therapy for indications and patient groups that today have not been the subject of combination therapies.

### PROJECT PORTFOLIO HUMAN HEALTH

| Candidate | Indication | Preclinical | Phase I | Phase II | Phase III | Registration/ Approval | Rights | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Region | Partner |
| Paclical (paclitaxel) | Ovarian cancer | | | | Ongoing | | Global (ex-RUS/CIS) | Oasmia |
| | Ovarian cancer | | | | | Approved | RUS/CIS | Pharmasyntez |
| | Metastatic breast cancer | | Ongoing | | | | Global | Oasmia |
| Doxophos (doxorubicin) | Breast cancer | | Planned | | | | Global | Oasmia |
| Docecal (docetaxel) | Breast cancer | Ongoing | Planned | | | | Global | Oasmia |
| OAS-19 (combination) | Various cancers | Ongoing | | | | | Global | Oasmia |

Additional partners: Paclical is partnered with Medison Pharma in Turkey and Israel.

# ANIMAL HEALTH

## PACCAL VET

Paccal Vet is a patented formulation of the well-known substance paclitaxel and XR-17. There is no pharmaceutical like Paccal Vet in veterinary medicine, but instead veterinarians use drugs for humans, for example, where the doses have been adapted to animals. It has not been possible to give paclitaxel to dogs previously due to the very strong adverse effects. Paccal Vet-CA1 has received conditional approval from the FDA for the treatment of mammary carcinoma and squamous cell carcinoma in the USA. Furthermore, the product also has MUMS designation for the treatment of mastocytoma and MUMS status for mammary carcinoma and squamous cell carcinoma. In Japan the rights are owned by Nippon Zenyaku Kogyo.

During the previous financial year Oasmia received conditional approval from the FDA for the use of Paccal Vet-CA1 for canine mammary carcinoma and squamous cell carcinoma. During the current year the company has prepared for the start of studies with the aim of being able to apply for full approval of the drug.

## DOXOPHOS VET

Doxophos Vet is a patented formulation of doxorubicin and XR-17 which Oasmia is developing for the treatment of lymphoma, the most common cancer in dogs. Oasmia has completed the study report for the phase I study that will be part of the application for conditional approval from the FDA. The FDA has recognized Doxophos Vet as an orphan drug for the treatment of lymphoma in dogs. Zoetis owns the global distribution rights to Doxophos Vet, with the exception of in Russia and the CIS.

During the year Oasmia has worked on two studies as part of the development of Doxophos Vet: one has determined the dosage for the treatment of dogs and one has been started with the aim of demonstrating efficacy in dogs with lymphoma. The results from these studies will form the basis of an application for conditional approval from the FDA.

## PROJECT PORTFOLIO ANIMAL HEALTH

| Candidate | Indication | Preclinical | Phase I | Phase II | Phase III | Registration/ Approval | Rights | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Region | Partner |
| Paccal Vet (paclitaxel) | Mammary/ squamous cell | | | | Planned for full approval | Conditional approval | Global (ex-RUS/JAP) | Oasmia |
| | Mast cell | | | | Ongoing | | Global (ex-RUS/JAP) | Oasmia |
| Doxophos Vet (doxorubicin) | Lymphoma | | Ongoing | Ongoing | | | Global | Oasmia |

Additional partners: Paccal Vet is partnered with Nippon Zenyaku Kogyo in Japan.

## INFOBOX

A clinical phase III study compares a product candidate with the standard product according to clinical practice. The choice of a so-called end point depends on the directives published by the regulatory authorities, primarily the FDA and the EMA, and is to some extent dependent on the purpose of the study: this may be to demonstrate a similarity or difference in efficacy. A safety parameter may also be an end point.

The main purpose of the study is defined as an end point that forms the basis of the statistical calculation of how many patients are necessary to demonstrate in a statistically significant manner the difference/similarity that is the main purpose of the study.

Time To Progression (TTP) or Progression Free Survival (PFS) are common end points in the clinical development of cancer drugs. TTP is defined as the time from randomization until progression occurs. PFS includes not only the time to progression but also the time until death independent of cause. Both of these end points are so-called surrogate end points, that is substitutes for what you really want to measure, in this case the time until death (Overall Survival, OS). Surrogate endpoints are used for example when what really should have been measured prolongs the study period, such as time until death, which in the final analysis means that it takes longer before the product becomes available for patients with the disease. Using a surrogate end point thus means that the drug becomes available for all patients quicker than if you had waited until the real end point had occurred.

In cancer studies the balance between risk and benefit is also important. This means that a certain degree of discomfort for the patient may be accepted if it results in some form of advantage. Several factors are weighed up when considering how to arrive at a positive balance between risk and benefit in the study.

The considerations regarding end points are the same independent of whether the patient is a human being or a dog, but with one important exception: dogs with an incurable disease, or in severe pain, are put down. It may also be the case that dogs (and other animals) are put down for reasons that have nothing to do with the dog's health, which makes OS a somewhat uncertain measure of treatment efficacy. Nonetheless, PFS is used in dog studies, on the understanding that when calculating the number of patients, it is taken into consideration that dogs may be put down for non-medical reasons.

All our phase III studies are discussed with the appropriate authorities before the study design is determined.

# MARKET FOR HUMAN HEALTH

## CANCER MARKET – AN OVERVIEW

Cancer is a serious and widespread disease. According to WHO, about 8.2 million people died of cancer in 2012 and an increasing number of people are affected each year[1]. In 2030, 13.1 million people are expected to die from the disease. In particular, it is the increased life expectancy worldwide which contributes most to the increase in cancer rates. The global oncology market is approximately $ 100 billion, with cytostatic drugs comprising approximately 45% of the market. Despite the development and introduction of new drugs for the treatment of cancer, cytostatics are still, in combination with other treatments such as surgery and radiation treatment, the primary form of treatment for cancer worldwide. Cytostatics usually work by preventing the division of cells. The reproduction of cancer cells is thus inhibited and the growth of tumours is suppressed. Many new drugs for the treatment of cancer which have been approved for sale are used together with one or more cytostatics. Furthermore, many drug candidates under development are not water-soluble and require innovative formulations to be able to be used intravenously.

## OVARIAN CANCER

Cancer of the ovaries or fallopian tubes is a serious disease that often leads to death if it is detected too late and metastases have formed. The symptoms are vague, which makes the disease difficult to diagnose. It is often discovered too late. In 2010, there were 749 reported cases in Sweden. The global market for ovarian cancer treatment was $ 551 million in 2010, and it has an expected annual growth rate of 13.6% until 2017. The largest regional market is the USA, which was $ 366 million in 2010.

## BREAST CANCER

Breast cancer is one of the most common cancers. According to WHO, 1.38 million women are diagnosed with breast cancer each year. Roughly 458,000 women worldwide die from the disease annually. In Sweden, 7,950 women were affected in 2010[2]. The total market for the treatment of breast cancer during the same year amounted to $ 9.8 billion, with a projected annual growth rate of 3.4% until 2017[3].

1) WHO, GLOBOCAN 2012 (IARC), http://globocan.iarc.fr/Pages/fact_sheets_cancer.aspx, (June 23, 2014)
2) Company estimate
3) Oncology Therapeutics Market to 2017, GBI Research 2011

## MARKET DRIVERS

**AGEING POPULATION WITH INCREASED INCIDENCE OF CANCER.**

•

**IMPROVED DIAGNOSTIC AND TREATMENT POSSIBILITIES.**

•

**RAPIDLY GROWING GLOBAL MIDDLE CLASS.**

•

**INCREASE IN THE NUMBER OF CANCER CASES IN DEVELOPING COUNTRIES.**

**THE PATENT HAS EXPIRED FOR SEVERAL BEST-SELLING DRUGS. THIS OPENS UP THE MARKET FOR GENERIC PREPARATIONS AND CONSTITUTES A SIGNIFICANT THREAT FOR THE LARGE MANUFACTURERS.**

•

**OVER 80 MOLECULES ARE EXPECTED TO BE LAUNCHED IN UPCOMING YEARS, WHICH WILL INCREASE COMPETITION.**

•

**MAJOR CHANGES ARE EXPECTED IN THE HEALTH AND MEDICAL CARE SYSTEMS IN THE USA AND EU.**

# MARKET FOR ANIMAL HEALTH

## VETERINARY MEDICINE

The overall market for veterinary medicinal products is $ 22 billion and it has an estimated annual growth rate of 5.7% until 2016. More and more households are acquiring pets. The number of dogs in the USA increased from 68 million to 83.3 million between 2000 and 2014[4]. The total market for veterinary services in the USA is estimated to be just over $ 15.7 billion in 2015[5]. An estimated 60 million dogs are kept as pets in the EU[6]. Households are also becoming increasingly inclined to spend money on their pets, and in 2011 the majority of American dog owners considered their dog to be a member of the family[7]. Since 2001, households' average increase in animal-related expenditure has been 3-4% per year. Dogs in particular are given veterinary medical treatment to a greater and greater extent. According to American Pet Products, almost 80 percent of all dog owners have their dogs treated with drugs, compared to about 50 percent in 1998.

## CANCER IN ANIMALS

According to the Center for Cancer Research and CanineCancer.com an estimated six million dogs are diagnosed with cancer each year in the USA. Approximately one third of these have skin cancer.

Cancer in animals is similar to cancer in humans. The risk increases with age. Some cancers are more common in certain species, for example lymphoma is the most prevalent cancer in dogs. Most existing cytostatics for intravenous use have been designed for humans and have not been optimized or clinically tested for animals. This means that it is difficult to make an accurate assessment of the overall market and to predict its growth. Among veterinarians, there is a strong interest in pursuing new methods of treatment specifically adapted to animals. When more drugs are approved for use in animals, this is expected to contribute positively to the development of the market. Improved knowledge about diagnosing cancer and about the treatment of cancer is leading to more dogs receiving treatment. In addition, access to oncology specialists is improving, and veterinarians tend to be more and more willing to refer to specialists.

## MASTOCYTOMA

Mastocytoma is a type of skin cancer that arises when so-called mast cells start dividing uncontrollably. The treatment for mastocytoma is primarily by surgery, but in many cases a tumour can be inoperable. Cytostatics are then necessary. Today, there are two registered products for the treatment of mastocytoma, Masivet and Palladia. These two products inhibit a specific protein (tyrosine kinase) but require lifelong treatment in order to keep the disease at bay. If the disease cannot be treated, it leads to death and many dogs are put down.

## LYMPHOMA

Lymphoma is the most common cancer in dogs. There is no registered drug for the treatment of lymphoma in dogs, but veterinarians use human therapies that have been adapted for pets.

4) Statista, Number of dogs in the US from 2000 – 2014, http://www.statista.com/statistics/198100/dogs-in-the-united-states-since-2000/, (June 23, 2014)
5) American Pet Products Association (www.americanpetproducts.org/press_industrytrends.asp)
6) The European Pet Food Industry Federation 2012 Facts & Figures
7) AVMA – American Veterinary Medical Association, U.S. pet ownership & demographics sourcebook, Schaumburg, Ill.: American Veterinary Medical Association, 2012

## MARKET DRIVERS

**+**

**AGEING POPULATION.**

•

**STRONGER RELATIONSHIP BETWEEN DOGS AND THEIR OWNERS.**

•

**INCREASED AWARENESS IN VETERINARIANS.**

•

**MORE DRUGS APPROVED FOR USE IN ANIMALS.**

•

**NUMBER OF INSURED ANIMALS INCREASING.**

**–**

**PET OWNERS HAVE A NEGATIVE PERCEPTION OF CANCER TREATMENT FOR ANIMALS.**

•

**ACCESS TO CYTOSTATICS FOR HUMAN USE.**

•

**EXTENSIVE TREATMENTS ASSOCIATED WITH HIGH COSTS.**

•

**UNDEVELOPED MARKET – MORE EDUCATION IS NEEDED.**

# PHARMACEUTICALS AND AUTHORITIES

## GENERAL RULES

If a pharmaceutical is to be approved for sale in a national market, it must be approved by the country's regulatory authority. As pharmaceuticals are meant for use in living organisms, it is crucial that they are safe and that they achieve the intended effect. The authorities therefore place high demands on pharmaceuticals, and it is the pharmaceutical companies' responsibility to ensure that their products live up to these requirements. The requirements comprise everything from the production of the pharmaceutical to study design and marketing. It is also possible to apply for different kinds of status for the pharmaceutical on the basis of the disease that it is intended to treat. For example, the pharmaceutical may be recognized as an orphan drug if the number of people who contract the disease is sufficiently small. The aim here is to favour the development of pharmaceuticals for minor indications as well.

## EU

In the EU it is the European Medicines Agency (EMA) that handles applications for marketing authorization through the so-called central procedure for orphan drugs and some other pharmaceuticals. Approvals issued by the EMA apply to all of the EU plus Iceland, Liechtenstein and Norway. Each individual EU country also has a local regulatory authority that amongst other things handles applications for marketing authorization for medical products not included in the central procedure, carries out inspections of production facilities, is responsible for controls and deals with marketing issues. In Sweden it is the Medical Products Agency that has these responsibilities.

## USA

In the USA it is the US Food and Drug Administration (FDA) that regulates the pharmaceuticals market. The authority is responsible for everything related to pharmaceuticals, from inspections and controls to the issuance of market approval.

## ORPHAN DRUGS

A pharmaceutical that treats a serious condition where the number of cases per year is below a certain number may apply for designation as an orphan drug. The purpose of this designation is to stimulate the development of pharmaceuticals for minor indications as well. If a pharmaceutical has obtained orphan drug status, this means:

- Ten years of exclusive marketing rights in the EU.
- Seven years of exclusive marketing rights in the USA.

Paclical has been designated as an orphan drug for the treatment of ovarian cancer in both the EU and the USA.

## MUMS (MINOR USE/MINOR SPECIES)

MUMS status for veterinary pharmaceuticals is similar to orphan drug status for human pharmaceuticals. Pharmaceuticals with MUMS status aim to treat either a disease where the number of cases per year is below a certain number, or a disease in a species where the number of animals is less than a certain figure. MUMS status is issued by the FDA when the pharmaceutical is approved. Before approval the drug has MUMS designation. Paccal Vet-CA1 has MUMS status for the treatment of mammary carcinoma and squamous cell carcinoma in dogs, and MUMS designation for mastocytoma. If a pharmaceutical obtains MUMS status, this means:

- Seven years of exclusive marketing rights.
- That so-called conditional approval may be applied for.

## CONDITIONAL APPROVAL

Conditional approval can only be given to a pharmaceutical that has previously been granted MUMS designation. This type of approval can be given to a pharmaceutical before all the clinical requirements have been met. The requirements that must have been met are those concerning above all safety. Approval is also restricted to a certain indication and the pharmaceutical may not be used outside this indication. Conditional approval is valid for five years, by which time the company must have applied for normal approval to be able to continue selling the product.

## OFF-LABEL PRESCRIPTION

As there are considerably fewer approved pharmaceuticals in veterinary medicine compared with human medicine, it is possible for vets to use an approved pharmaceutical outside its approved indication. This presupposes, however, that there is scientific support for this. This is called off-label prescription.

# COMPETENCE AND EXPERIENCE

The competence and experience of our employees are among Oasmia's most important assets. Drug development is a complex process which requires many specialist competencies. A total of 72% of Oasmia's employees have a university degree and a third of these also have a Ph.D. Many nationalities are represented among the employees, creating a positive, challenging and dynamic work environment.

Oasmia strives to continually improve and ensure a healthy and safe work environment. Oasmia will continue to be a safe, healthy and pleasant workplace.

Oasmia also strives to be an attractive and professional employer where employees thrive, have the opportunity to develop and wish to remain with the Company. The goal is to preserve the small company's strength of a flat and efficient organizational structure with short decision paths.

At the end of the financial year 2014/15, the Group had 79 employees, of whom 47% are women and 53% men. The gender breakdown between managers at Oasmia is 30% women and 70% men. Oasmia's management team consists of 25% women and 75% men.

## EDUCATION

- Other academic education 48%
- Other education 28%
- Ph.D. 24%

## OASMIA'S MANAGERS

- Men 70%
- Women 30%

## OASMIA'S EMPLOYEES

- Men 53%
- Women 47%

## OASMIA'S MANAGEMENT TEAM

- Men 75%
- Women 25%

# ADMINISTRATION REPORT

**The Group consists of the Parent Company Oasmia Pharmaceutical AB (publ), the subsidiaries Oasmia Animal Health AB and Qdoxx Pharma AB. The Parent Company is developing a new generation of drugs within human and veterinary oncology. Product development aims to manufacture novel formulations based on well-established cytostatics which, in comparison with current alternatives, show improved properties, a reduced side-effect profile and an expanded therapeutic area. Product development is based on original research within nanotechnology and company patents. The subsidiaries do not currently conduct any operations.**

**Oasmia has two approved products: Paclical, which has been approved in Russia for the treatment of ovarian cancer, and Paccal Vet-CA1, which has conditional market approval in the USA for the treatment of mammary carcinoma and squamous cell carcinoma in dogs.**

## HUMAN HEALTH

Product development within human oncology primarily focuses on the commonly occurring indications ovarian cancer and breast cancer. Oasmia has four drug candidates in the area.

### Paclical

In April 2015 Oasmia's cancer drug Paclical received market approval in Russia from the Russian Ministry of Health. Paclical is a patented formulation of paclitaxel in combination with Oasmia's proprietary technology XR-17. Paclical has orphan drug status (see "Pharmaceuticals and Authorities") and is the first completely water-soluble cancer drug incorporating paclitaxel to be approved for sales in Russia. Paclical is planned to be launched in Russia during 2015 and will be marketed by Oasmia's Russian distributor, Pharmasyntez.

Oasmia has completed a phase III study on Paclical for ovarian cancer, which is an indication with 225,000 new cases worldwide per year. A total of 789 patients were included in the study, and the last patient completed treatment at the beginning of 2013. All patients have subsequently been followed up regarding time to progression.

In June 2014 Oasmia announced that the primary objective of the study had been achieved. This objective was to demonstrate that Paclical and Taxol, which both contain paclitaxel and both in combination with carboplatin, display a similar time to progression. In October 2014 the company reported the results from the study. These show that Paclical has a positive risk/benefit profile compared with standard treatment.

The work on completing the final report for the clinical study is ongoing and it will form the basis of an application for market approval to the EMA during 2015. The company subsequently intends to apply for market approval in the USA.

During the previous financial year Oasmia started a clinical dose finding study on Paclical for weekly treatment of breast cancer. The last patient was treated during the year.

Oasmia has also started and completed a pharmacokinetic comparative study between Paclical and Abraxane.

### Doxophos

Doxophos is a proprietary formulation of the cytostatic doxorubicin in combination with XR-17. Doxorubicin is one of the most effective and commonly used substances for the treatment of cancer. Oasmia has compiled documentation of the product candidate and is now planning a clinical phase I study.

### Docecal

Docecal is a patented formulation of the cytostatic docetaxel in combination with XR-17 for the treatment of breast cancer. Docecal is now entering a clinical phase and is planning for a clinical phase I study and a safety and tolerance study.

### OAS-19

OAS-19 is the first cancer drug with two active cytostatics in a single infusion. It is the unique properties of XR-17 that make this combination possible. This concept gives Oasmia a further dimension for the development of drugs with several active substances in one micelle, where substances with or without water solubility can be combined. Preclinical studies have shown promising results.

## ANIMAL HEALTH

Product development within veterinary medicine concerns treatments for cancer in dogs. Oasmia has two drug candidates in the area, Paccal Vet and Doxophos Vet.

### Paccal Vet

Paccal Vet is a patented formulation of the substance paclitaxel in combination with XR-17. In July 2014 Paccal Vet-CA1, the first injectable chemotherapeutic product for the treatment of solid tumours in dogs in the USA, was launched by Oasmia's American partner at the time, Abbott Animal Health. During the financial year Abbot Animal Health was acquired by Zoetis, a veterinary drug company that was spun off from Pfizer in 2013.

In July 2015 Oasmia announced that Zoetis had terminated the companies' collaboration agreement and that Oasmia had reclaimed the exclusive global rights to Paccal Vet and Doxophos Vet. At the same time Oasmia announced that the company is taking over responsibility for marketing and sales of Paccal Vet-CA1 and has set up its own sales company in the USA, Oasmia Pharmaceutical Inc. The transfer process is estimated to be complete in September 2015.

Oasmia has been granted MUMS status (see "Pharmaceuticals and Authorities") by the US Food and Drug Administration, FDA, for Paccal Vet for the treatment of mammary carcinoma and squamous cell carcinoma, and MUMS designation for mastocytoma.

In February 2014 Oasmia received conditional market approval from the FDA for Paccal Vet-CA1 in the USA for the treatment of mammary carcinoma and squamous cell carcinoma in dogs. In order to be able to apply for full approval for these indications, Oasmia is planning a phase III study for each indication.

Oasmia is conducting a supplementary study on Paccal Vet for the treatment of mastocytoma. The aim of the study is to measure the time to progression in dogs treated four times at three-weekly intervals. All 50 dogs included in the study have completed treatment. If the results of the study are on a par with expectations, the company will apply for marketing authorization from the European Medicines Agency, EMA. Oasmia will also make a decision on whether to apply for market approval from the FDA.

### Doxophos Vet

Doxophos Vet is a patented formulation of doxorubicin in combination with XR-17. Oasmia is developing Doxophos Vet for the treatment of lymphoma, one of the most common forms of cancer in dogs. Doxophos Vet has been granted MUMS designation in the US for the indication lymphoma.

Oasmia has conducted a phase I study on Doxophos Vet to determine the dosage for the coming clinical programme. Oasmia has completed the study report for the phase I study, which will be part of the application for conditional approval from the FDA.

In February 2015 a phase II study was begun whose primary objective is response frequency in the treated dogs. The study will be ongoing throughout 2016. The phase II study will form the basis of an application for conditional approval in the USA for the treatment of lymphoma in dogs. The dogs will be followed to progression in a separate follow-up study.

## IMPORTANT EVENTS DURING THE FINANCIAL YEAR

**Oasmia carried out two new share issues for a total of MSEK 226**

In July 2014 the company carried out a private placement of MSEK 50, which generated approximately MSEK 47 after issue expenses. The issue was directed to a number of international institutional investors and investors in Sweden. A total of 2,500,000 shares were issued at a price of SEK 20 per share.

In December 2014 Oasmia carried out a rights issue of MSEK 176, which after issue expenses generated MSEK 164, of which MSEK 35.3 offset a liability to Nexttobe AB. The issue price was SEK 18 per share. The issue was guaranteed in its entirety by a combination of subscription and guarantee commitments. The total number of shares and votes subsequently amounted to 97,858,144.

**Nexttobe extended its loan to Oasmia**

Nexttobe AB extended its loan to the company, effective from January 1, 2015. The above-mentioned funds from the share issue were set off against the loan and accrued interest, after which the loan is TSEK 87,000. It carries an interest rate of 8.5% up until December 30, 2015.

**Oasmia moved to the Mid Cap segment of Nasdaq Stockholm**

Oasmia moved from the Small Cap to the Mid Cap segment of Nasdaq Stockholm in January 2015. The Mid Cap segment comprises companies with a market capitalization of between 150 million and 1 billion euros.

**Consideration of secondary listing on NASDAQ in the USA**

In September 2014 Oasmia announced that the company was considering a secondary listing of ADRs (American Depositary Receipts) on the American share platform NASDAQ. The company initiated the application process and submitted a registration application to the American SEC (Securities and Exchange Commission) in accordance with the so-called JOBS Act (Jumpstart Our Business Startups Act).

**Oasmia expanded its production agreement with Baxter**

In June 2014 Oasmia and Baxter expanded their production collaboration, so that not only Paclical and Paccal Vet but also future products from Oasmia are included. These products are today in a clinical or development phase. The agreement ensures large-scale manufacture of high-quality products to Oasmia's customers.

**Oasmia entered into research agreement for XR-17 technology**

In June 2014 Oasmia entered into a research agreement with a multinational pharmaceutical company. Under the agreement Oasmia will carry out initial experimental tests of a substance specified by the partner, together with XR-17.

**MPA approved Oasmia's production facility**

In May 2014 the Swedish Medical Products Agency (MPA) approved Oasmia's production facility in Uppsala with regard to manufacturing for sales of human health pharmaceuticals in the EU. Oasmia already has GMP approval for veterinary drugs and Oasmia thus has a fully approved production facility for the manufacture of cytostatics to the market in the EU.

## FINANCIAL INFORMATION

**Net sales**

Net sales amounted to TSEK 2,070 (60) and essentially consisted of revenues from Paccal Vet-CA1. Of the total revenues of TSEK 2,002 (0) from Paccal Vet-CA1, TSEK 1,880 (0) was sales of goods and TSEK 122 (0) royalty revenues.

**Capitalized development costs**

Capitalized development costs, which concern clinical trials in phase III for the product candidates Paclical and Paccal Vet, amounted to TSEK 16,797 (29,464). Paclical accounted for TSEK 9,189 (19,677) of the capitalization and Paccal Vet accounted for TSEK 7,608 (9,788). The decline in capitalized development costs is primarily due to the fact that the clinical phase III study on Paclical for the treatment of patients with ovarian cancer is in its final stages.

**Other operating income**

Other operating income amounted to TSEK 221 (4,454). During the previous financial year an insurance payment of TSEK 4,250 was received.

**Operating expenses**

Operating expenses including depreciation, amortization and impairment were lower than the previous year and amounted to TSEK 127,313 (132,069). Costs for clinical trials and method development in Oasmia's and its contract manufacturers' production decreased, at the same time as other costs for the commercial phase that Oasmia has started increased. The latter include increased purchasing of raw ma-

terials and materials for production as well as higher personnel costs.

The number of employees at the end of the financial year was 79 (78).

### Income for the year

Income after tax was TSEK -117,497 (-105,112). The deterioration in income compared with the previous year is attributable to the increased purchasing of raw materials and materials for production, higher personnel costs, lower other operating income and increased interest expenses for loans.

The Group's operations have not been affected by seasonal variations or cyclical effects.

### Cash flow and investments

Cash flow from operating activities was TSEK -107,665 (-86,899). The deterioration compared with the previous year is due to both a lower operating income and negative changes in operating capital.

Cash flow from investing activities was TSEK -69,755 (-35,682). Of the year's investments, TSEK 50,000 (0) was net short-term investments in fixed income funds. Net investments in intangible assets were TSEK 16,206 (33,545) and consisted of capitalized development costs of TSEK 16,797 (29,464) and of patents to the tune of TSEK -591 (4,080). Net investments in intangible assets amounted to TSEK 3,549 (2,138), mainly production equipment.

### Financing

Two new share issues were carried out during the financial year. The first, a private placement of TSEK 50,000, was carried out in July 2014 and increased equity by TSEK 46,832 after a deduction for issue expenses of TSEK -3,168. This sum was paid in cash.

The second share issue was a rights issue, which was completed in December 2014. It consisted of TSEK 176,145 and generated equity of TSEK 164,468 for the company after a deduction for issue expenses of TSEK -11,676. Nexttobe AB paid for its shares by offsetting a liability of TSEK 35,284, and thus this share issue provided the company with TSEK 129,184.

In May 2015 Oasmia obtained the extension of a bank loan of TSEK 20,000, which had previously run from December 30, 2014 to June 30, 2015. The loan now matures on December 30, 2015. Nexttobe AB extended its loan to the company, effective from January 1, 2015. The above-mentioned funds from the share issue were set off against the loan and accrued interest, after which the loan is TSEK 87,000. It carries an interest rate of 8.5% up until December 30, 2015.

### Financial position

Consolidated cash and cash equivalents at the end of the financial year were TSEK 26,837 (48,241). The company has TSEK 50,153 (0) invested in fixed income funds and interest-bearing debt was TSEK 107,000 (145,000). At year-end unutilized credit was TSEK 5,000 (5,000) from a bank and TSEK 40,000 (40,000) from the principal shareholder, Alceco International S.A. At year-end equity amounted to TSEK 375,710 (281,907), the equity/assets ratio was 73 % (60 %) and the debt/equity ratio was 8 % (34 %).

### Parent Company

The Parent Company's net sales for the financial year amounted to TSEK 2,070 (60) and income before taxes was TSEK -117,541 (-105,126). At the end of the financial year the Parent Company had cash and cash equivalents of TSEK 26,833 (48,238) and short-term investments of TSEK 50,153 (0).

### Future financing

Oasmia has two products approved, but this does not allow the company's business operations to generate sufficient cash flow. Work is therefore continuously conducted on finding other financing alternatives. The Group's available cash and cash equivalents and unutilized credit facilities at April 30, 2015 do not provide the liquidity necessary to run the planned business operations in the coming 12 months. In the light of the financing alternatives possible and the recent development of the company, it is the Board's assessment that the outlook is good for financing the company's business operations during the coming year.

### Key ratios and other information

For definitions of key ratios, see Note 27.

| | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|
| Number of shares at end of year, before and after dilution, in thousands* | 97,858 | 86,171 |
| Weighted average number of shares, before and after dilution, in thousands* | 91,655 | 82,848 |
| Earnings per share, before and after dilution, SEK* | -1.28 | -1.27 |
| Equity per share, SEK* | 3.84 | 3.27 |
| Equity/assets ratio, % | 73 | 60 |
| Net liability, TSEK | 30,010 | 96,759 |
| Debt/equity ratio, % | 8 | 34 |
| Return on total assets, % | neg | neg |
| Return on equity, % | neg | neg |
| Number of employees at end of year | 79 | 78 |

*Recalculation of historical values has been made taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

## THE SHARE

Oasmia's share is listed on the Mid Cap list of NASDAQ Stockholm and on Frankfurt Stock Exchange. The share capital at the end of the financial year amounted to SEK 9,785,814 divided into 97,858,144 shares with a par value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. There are no agreements to which the company is a party that would come into effect, be altered or be terminated if control of the company changes following a takeover bid. Oasmia has no knowledge of any agreements between shareholders which may restrict the right to transfer shares. Furthermore, there are no provisions in the Articles of Association concerning the appointment and dismissal of members of the Board of Directors, or agreements between the company and Board members or employees that entitle them to receive compensation if they resign from their positions, are given notice of termination without reasonable grounds, or their employment is terminated as a consequence of a public takeover bid.

As of April 30, 2015, shareholders numbered 3,245. The largest shareholder was Alceco International S.A. with 35.95% of the votes and shares, followed by Nexttobe AB with 20.03%. The ten largest shareholders together held 72.37% of the total voting rights and shares.

## LEGAL ISSUES

Oasmia is not, and has not during the past financial year, been involved in a legal dispute that has had a material impact on the company's financial position. There are also no circumstances known to the Board that could lead to legal proceedings or that could otherwise materially affect the company's financial position.

## ENVIRONMENTAL ACTIVITIES

Oasmia's business activities include research, development and production at the facility in Uppsala, where large quantities of chemicals are handled.

The activities are subject to registration in accordance with the regulation (1998:899) on environmentally hazardous activities and protection of health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

The impact of the company's activities on the wider environment is minimal. Chemicals and solvents used in the activities do not seep into the surroundings from ventilation systems or via sewage. The ventilation in the building's laboratories is not connected to the general ventilation plant. The processes are closed to a high degree and residual chemicals and solvents are managed by the recycling company RagnSells for final destruction and recycling.

The company meets environmental standards and seeks to conduct its activities in a way which benefits sustainable development within the environmental field. In addition to complying with the norms, guidelines and regulations which govern the work, the company does its utmost to continuously improve the business by, for example, offering internal training within quality and the environment.

## PERSONNEL

The average number of employees during the financial year was 73 (74). Of these, 37 (37) are women and 36 (37) are men. The number of employees at year-end was 79 (78). Salaries, benefits and social security expenses totalled TSEK 50,236 (45,002). For more information, see Note 10.

For information on the guidelines for remuneration to senior executives adopted at the 2014 Annual General Meeting, please refer to the Corporate Governance Report on pages 24-27. Regarding compensation paid to senior executives for the financial year 2014/2015, see Note 10.

## EVENTS AFTER THE END OF THE FINANCIAL YEAR

**Oasmia announces positive top-line results for Paclical from head-to-head comparison study with Abraxane**

On August 4, 2015, Oasmia announced the topline findings from a head-to-head comparison study of its lead human cancer product Paclical and Celgene's Abraxane, which show similar pharmacokinetic (PK) profiles. The study was conducted in women with metastatic breast cancer.

**Oasmia applied to be listed on NASDAQ in the USA, and a roadshow for American investors is expected to occur in August**

On July 6, 2015 the company submitted an application to be listed on the NASDAQ Stock Exchange, "Registration Statement Form F-1/A", to USA's Securities and Exchange Commission. Ladenburg Thalmann were financial advisors in connection with the application. An Investor Roadshow and subsequent listing to NASDAQ U.S. is expected to occur in the end of August 2015.

**Oasmia set up sales company in the USA**

Paccal Vet-CA1 was formerly distributed in the USA by Zoetis, a veterinary pharmaceutical company that was spun off from Pfizer in 2013. Due to an officially ongoing rationalization programme at Zoetis, amongst other things, Oasmia decided to create a sales organization of its own and to be responsible for marketing and sales. The company reclaimed the exclusive global rights to Paccal Vet and Doxophos Vet, and started a company named Oasmia Pharmaceutical Inc, with a view to marketing products in the USA and promoting Oasmia's future growth. During the transfer process between the parties, business is proceeding as previously and the process is estimated to be complete in September 2015.

**Oasmia carried out changes to the Board and management team**

At the Extraordinary General Meeting held on May 28 it was decided that Hans Liljeblad and Lars Bergkvist should be elected to the Board and that Julian Aleksov should succeed Joel Citron as Chairman of the Board. Mikael Asp was appointed as new CEO for Oasmia by the Board. Bo Cederstrand, Horst Domdey, Alexander Kotsinas and Hans Sundin remained as members of the Board.

**The Extraordinary General Meeting adopted a resolution to authorize the Board to make a decision to issue shares, warrants and/or convertible instruments**

The Extraordinary General Meeting adopted a resolution, in accordance with the Board's proposal, to authorize the Board, effective until the next Annual General Meeting, and on one or more occasions, to make a decision to issue shares, warrants and/or convertible instruments. However, the Board may not make any decision whereby the share capital increases by more than SEK 1,500,000 over and above the increase in share capital that may occur as a result of previous authorizations effective until the next Annual General Meeting.

**Oasmia obtains extension of the bank loan of SEK 20 million**

Oasmia received extension of bank loan of 20 million with an earlier maturity of December 30, 2014 - June 30, 2015. Now, the loan is due for payment December 30, 2015

## ANNUAL GENERAL MEETING 2015

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Monday, September 28, 2015 at the company's headquarters in Uppsala.

### Proposals for Annual General Meeting 2015

The Board's complete proposals for the 2015 Annual General Meeting will be submitted in combination with the notice.

### Dividend

The Board does not intend to propose a dividend for the past financial year.

### Guidelines for remuneration to senior executives

The Board proposes that the 2015 Annual General Meeting adopt the following guidelines for remuneration to senior executives at Oasmia, which will apply from the 2015 Annual General Meeting to the 2016 Annual General Meeting. By senior executives is meant the CEO and other members of the management team at Oasmia, as well as members of the Board to the extent they receive remuneration for other work than their Board assignment.

### Salary and other benefits

Remuneration to senior executives shall consist of a salary, pension provisions and health insurance.

### Notice and severance pay

Upon termination by the company, notice for the CEO shall be no more than 12 months. The CEO's term of notice shall not exceed three months. For other senior executives, the notice period shall normally be six months if notice is given by the company, and three months if notice is given by the employee. No special severance pay shall be paid.

### Incentive programmes

Decisions regarding any potential share and share-based incentive schemes for members of the Board and for senior executives shall be made by the Annual General Meeting.

### Policy

The more detailed principles for salary payment for senior executives are to be found in a policy established by the Board.

### Deviation in individual cases

The Board shall be entitled to deviate from these guidelines if there are special grounds in an individual case. If such a deviation is made, information on this and the reason for the deviation shall be reported at the next Annual General Meeting.

## RISK AND RISK MANAGEMENT

All business involves risk and risk management is an important part of decision making at all levels. The risks entailed by Oasmia's activities can be divided into financial and operational risks. The most significant operational risks and, when appropriate, their management are described below. The financial risks and their management are described in Note 18.

Operational risks are assessed from the perspective of probability and impact. Not all risks have a high probability of occurrence, but the risks of outcomes described below could materially affect the company in terms of the timing of entering markets, the rate of expansion and therefore the financial position of the company.

The risk management measures can be classified in the following categories: avoid, reduce, share or accept.

### Development and registration of drugs

Oasmia's future growth is dependent on the ability to develop new products and further develop existing products.

Research and development of drugs and the regulations relating to research and development, manufacturing, trials, marketing and sales are complex and may change over time.

Development and registration of drugs is a capital-intensive, complicated, time-consuming and risky process. A large number of conditions and regulations means that there is a risk of both delays and failure. Below are some stages in the process where such risks are evident.

The development of pharmaceuticals requires preclinical and clinical trials approved by regulatory authorities and independent ethics committees before they can begin.

Patients must be recruited for clinical studies via clinics and hospitals and various pharmaceutical companies compete for access to these patients. It is common for recruited patients to withdraw, requiring them to be replaced with other patients. Both of these factors can entail that a study takes longer and is more expensive than anticipated. The result of a study may be unfavourable and can lead to the discontinuation, reconsideration or supplementation of the study.

For a drug to be marketed and sold, approval is required from the relevant drug authority in the geographic territory. Application for market approval includes extensive documentation. The company must be able to prove that the products are safe and effective. Drug authorities have broad discretion regarding processing times. In different territories, there are different procedures and interpretations of data. This review process concerns both the product and its production.

Authorities usually request supplementary information and raise questions to be answered by the company and this can happen in several stages. The management of these requests makes the estimated time for approval highly uncertain. Additions to applications and the withdrawal and resubmission of an application may be necessary. It also cannot be ruled out that approval may not be granted at all for certain applications.

Oasmia seeks to reduce the risks associated with the development and registration of drugs by using already well-known compounds (cytostatics) and the same excipient (XR-17) in each product candidate and by operating with the same product content for both dogs and humans.

**Collaborations and partnerships**

Oasmia's business model includes collaborations with other companies for clinical trials, manufacturing, marketing, distribution and sale of products. The company is therefore highly dependent on the establishment of such collaborations and on its partners' success in penetrating markets. One risk of partnerships is that the principal does not have an alternative in place in case a partnership does not function satisfactorily or that the partner is unsuccessful.

The company is responsible for the manufacture and supply of Paccal Vet, Paclical and our other product candidates for our commercial partners and for use in clinical trials. Manufacture of our products and product candidates requires compliance with the FDA, EMA and international cGMP and other international legal requirements. Problems in our manufacturing process, failure to follow current regulations when manufacturing or unexpected increases in our manufacturing costs can damage our business, results and financial position.

Oasmia seeks to reduce risks associated with collaborations and partnerships by being the manufacturer of the drugs for the clinical trials, being able to manufacture on a small scale for the market, seeking partnerships with well-established companies and identifying alternatives to suppliers and manufacturers.

**Intellectual property protection and patent risk**

Oasmia has patent protection for its technology. In the pharmaceutical industry there are a number of risks associated with intellectual property and patents.

There is a risk that:

- product development leads to a product that cannot be patented
- current or future patent applications do not lead to patents
- approved patents do not offer sufficient protection
- another patent supersedes the company's own patent
- substances or processes are used that are patented or patent pending by someone else

Oasmia has reduced the risks above by use of the technical platform XR-17 for each product candidate. XR-17 is patented in the form of a so-called New Chemical Entity, which is the highest level of intellectual property protection for pharmaceuticals.

There is also a risk that competitors will violate Oasmia's patent rights. So far Oasmia has not been involved in any patent or trademark dispute. This is a risk that Oasmia accepts because the company believes that its patents have full protection in all relevant markets.

**Market risks**

As a new player in the market, Oasmia faces competitors who have advantages in that they already have established products and market channels. This makes it difficult to predict the rate at which Oasmia's drug candidates can be established after market approval. There is also uncertainty about appropriate pricing levels for Oasmia's product candidates compared to competing products in the market, where currently many generic products exist.

Many pharmaceutical sales depend on the ability of the end user to obtain reimbursement from a paying third party such as the public sector or private insurance companies. Changes in such third party policies and their ability to affect the prices and demand for pharmaceuticals may affect Oasmia either negatively or positively.

The market for cancer medicines for dogs is new and untested. Consequently, it is difficult to assess to what extent and the speed at which anti-cancer medicines may be accepted by veterinarians.

Oasmia's business model includes licensing and distribution agreements which entail milestone payments. These payments fall unevenly over time and result in fluctuations in revenues and earnings. Milestone payments are unsustainable revenues, so in the longer term Oasmia is dependent on the successful commercialization and market introduction of its pharmaceutical candidates if it is to achieve stable revenues.

**Key personnel and recruitment**

Oasmia is highly dependent on key employees and skilled labour. If Oasmia were to lose key employees and/or fail to recruit such additional skilled employees at a desired rate for future needs, business performance could be delayed or disrupted.

The company seeks to reduce the risk of losing key employees by creating a good working environment with good working conditions.

Oasmia is located in Uppsala, where there are many people with the competencies needed in the pharmaceutical industry, thereby making the recruitment risk as low as it possibly can be.

## PROPOSAL FOR ALLOCATION OF NON-RESTRICTED EQUITY

The following non-restricted equity is available for distribution by the Annual General Meeting:

| | |
|---|---|
| Share premium reserve | SEK 850,995,958 |
| Retained earnings | SEK -372,380,198 |
| Income for the year | SEK -117,541,195 |
| **Total** | **SEK 361,074,565** |

The Board of Directors proposes that the 2015 Annual General Meeting adopt a resolution to dispose of the above amounts as follows: Carry forward of SEK 361,074,565.

# CORPORATE GOVERNANCE REPORT

**Oasmia Pharmaceutical AB (publ) ("Oasmia" or "the company") is the Parent Company of the wholly-owned subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB, which are at present dormant companies. Oasmia is a public limited liability company listed on NASDAQ Stockholm and is governed by a number of laws and regulations. The most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, NASDAQ Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code.**

**Management, guidance and internal control are divided between the shareholders (via the Annual General Meeting), the Board of Directors, the CEO and corporate management. Oasmia also works in accordance with the internal instructions and guidelines adopted by Oasmia's Board and management team. In addition, Oasmia's auditors are responsible for the external control of the company.**

**This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code.**

## SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code is based on the principle of "comply or explain", which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for this. Oasmia chose to make the following deviations from the Code during the financial year 2014/2015:

i) Code rule 2.4. The majority of Nomination Committee members consist of Board Members. The reason for this is that, given the company's background, the company regards close cooperation between the Board and the Nomination Committee as essential to the company's future development.

ii) Code rule 4.3. Two members of the company's Board who have been elected by the general meeting of shareholders work in the company's management team. The reason for this is that the company needs the company-specific industrial knowledge that Julian Aleksov and Hans Sundin possess both on the Board and in the management team. This enables the company to make both the operational and the long-term strategic decisions necessary in the phase that the company is currently in.

## THE SHARE AND SHAREHOLDERS

Oasmia's share has been listed on NASDAQ Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. The total number of shares on April 30, 2015 amounted to 97,858,144 and each share carries one vote at the general meeting of shareholders. The number of shareholders was 3,245 and Alceco International S.A. was the principal shareholder (35.95%), followed by Nexttobe AB (20.03%). The ten largest shareholders owned 72.37% of the total shares. For additional information on the ownership structure, see "The share" section on page 19.

## THE ANNUAL GENERAL MEETING

The Annual General Meeting will be held within six months after the end of the financial year. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar and by a notice made available on the Oasmia website. Announcement of the notice shall be advertised in Dagens Nyheter. Shareholders who wish to participate in the Annual General Meeting must be recorded in the share register maintained by Euroclear Sweden AB at least five business days before the meeting.

## ANNUAL GENERAL MEETING 2014

The 2014 Annual General Meeting was held on September 29 on Oasmia's premises in Uppsala. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet for the financial year 2013/2014, a resolution on the allocation of non-restricted equity and discharge of the Board and CEO from liability.
- The Board shall consist of six members without any deputies.
- Re-election of the Board members Joel Citron, Horst Domdey, Alexander Kotsinas, Bo Cederstrand and Julian Aleksov and election of Hans Sundin. Joel Citron was elected Chairman.
- Remuneration to Board members who are not employees of the company shall be SEK 150,000 per annum, the Chairman's remuneration shall be SEK 175,000 per annum and the auditors' fees shall be paid as invoiced.
- Criteria for the composition of the Nomination Committee for the 2015 Annual General Meeting.
- Guidelines for the determination of salary and other remuneration for the CEO and other members of Oasmia's management.
- Authorization for the Board to repurchase and transfer the company's own shares.
- Authorization for the Board to adopt a resolution to issue new shares and convertible bonds, to be paid for in cash and/or in kind or by offsets.

## ANNUAL GENERAL MEETING 2015

The 2015 Annual General Meeting will be held on Monday, September 28, 2015 at Oasmia's headquarters in Uppsala. Notice of the Annual General Meeting shall be published no earlier than six and no later than four weeks before the meeting. Shareholders are entitled to have matters considered at the meeting. In order for the company to be certain that it has sufficient time to include all matters in the notice, any request for a matter to be considered at the Annual General Meeting should reach the Board no later than 7 weeks before the meeting. Requests to have a matter considered at the meeting should be addressed to the Board and mailed to the address below:

**OASMIA PHARMACEUTICAL AB**
Att. Styrelsen
Vallongatan 1
752 28 Uppsala

## NOMINATION COMMITTEE

The main task of the Nomination Committee is to make proposals concerning Board members and the Chairman of the Board and their fees. The Nomination Committee also presents proposals to the Annual General Meeting on any remuneration for committee work and remuneration for the external auditor. The Nomination Committee's proposals are made public in connection with the notice of the Annual General Meeting.

The Nomination Committee's proposal regarding the selection criteria for the Nomination Committee for the next Annual General Meeting was adopted at the 2014 Annual General Meeting. The criteria were as follows: one member shall be the Chairman of the Board (convener) and two members shall be appointed by the two shareholders who have the largest shareholding in Oasmia Pharmaceutical AB on September 30, 2014 in terms of the number of votes. The Nomination Committee's mandate extends to when the next Nomination Committee has been appointed. The Nomination Committee members for the 2015 Annual General Meeting consist of Bo Cederstrand (Chairman), Julian Aleksov and Alexander Kotsinas. The full proposal for the 2015 Annual General Meeting will be presented in the Annual General Meeting notice. Bo Cederstrand was appointed by Alceco International S.A. and Alexander Kotsinas was appointed by Nexttobe AB.

## BOARD OF DIRECTORS

Oasmia's Board consists of six members, including the Chairman. Board assignments are for a fixed term in accordance with the Swedish Companies Act, which means that the mandate will last until the first Annual General Meeting after the year the Board members were appointed.

**ATTENDANCE, FINANCIAL YEAR 2014/2015**

| | INDEPENDENT* | BOARD MEETINGS | AUDIT COMMITTEE | REMUNERATION COMMITTEE |
|---|---|---|---|---|
| Joel Citron | Yes/Yes | 13/13 | 2/2 | 1/1 |
| Martin Nicklasson | Yes/Yes | 4/7** | | 1/1 |
| Jan Lundberg | Yes/Yes | 6/7 ** | 1/1 | 1/1 |
| Horst Domdey | Yes/Yes | 12/13 | 1/1 | 1/1 |
| Bo Cederstrand | No/No | 11/13 | | 1/1 |
| Julian Aleksov | No/No | 13/13 | | |
| Alexander Kotsinas | Yes/No | 12/13 | 2/2 | 1/1 |
| Hans Sundin | No/Yes | 6/6** | | |

*Independent of the company and its management and independent of major shareholders

**Martin Nicklasson and Jan Lundberg were not re-elected at the Annual General Meeting held on September 29, 2014. Hans Sundin was elected as a member of the Board on September 29, 2014. Horst Domdey replaced Jan Lundberg on the Remuneration Committee.

### *Board duties*

The Board has the overall task of managing the company's affairs on behalf of the shareholders. The Board operates in accordance with the Swedish Companies Act, the Articles of Association and internal regulations and continually assesses the Group's financial situation and the operational management.

The Board appoints the CEO and decides on significant changes in the company's organization and operations. The Board is also responsible for ensuring that the company's internal control of financial conditions is satisfactory and that the information regarding financial and overall performance is communicated accurately in the company's financial reports.

### *Chairman of the Board*

The Chairman follows, by regular contact with the CEO, the company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfil their duties. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results. In addition, the Chairman is responsible for preparing the corporate governance report and a report on how internal controls, as they relate to financial reporting, are organized and how effectively they worked during the last financial year.

### *Board procedures*

In accordance with the Swedish Companies Act, Oasmia's Board has adopted a formal written work plan and related CEO instructions that are reviewed once a year or as needed. This formal work plan governs how the work should be distributed between the Board members, the frequency of Board meetings (at least four times a year in addition to the statutory Board meeting), and how the work is divided between the Board and the Audit Committee. The CEO instructions contain, amongst other things, restrictions regarding decisions on investments and acquisitions. The instructions on reporting, which complement the Board's formal work plan and the CEO's instructions, regulate the CEO's regular reporting to the Board and the Board's external reporting.

### *Evaluation of the Board's work*

The Board annually evaluates its work regarding its procedures and work climate, the focus of the Board's work, and access to and the need for special competencies on the Board. The results of the evaluation are reported to the Nomination Committee and form the basis of the Committee's work on evaluating the composition of the Board and its remuneration.

### *Board's work during the financial year*

During the financial year 2014/15, the Board met on 13 occasions. On these occasions the Board mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, and carefully monitored liquidity forecasts and development costs/phase III studies.

### *Audit Committee*

The Audit Committee consisted of Joel Citron, Jan Lundberg and Alexander Kotsinas during the financial year. When Jan Lundberg was not re-elected as a Board member, he was replaced by Horst Domdey. The Audit Committee's primary task is assisting the Board in overseeing

the accounting and financial reporting processes and ensuring the quality of these reports and processes. The Audit Committee's responsibilities and tasks appear in specially prepared internal instructions. During the financial year, the Audit Committee held two meetings, with the auditors in attendance. In addition to this, the company had quarterly contact with the auditors during the financial year.

***Remuneration Committee***

The Remuneration Committee is a drafting committee for the company's Board and shall be responsible for preparing the Board's proposal to the Annual General Meeting regarding principles for remuneration and other terms of employment for senior executives. The Remuneration Committee shall also submit draft resolutions to the Board regarding salary and other forms of remuneration for the CEO, and make proposals for resolutions regarding warrant programmes and other reward or compensatory matters that are intended to be directed to a broader group of employees within the company. The Committee consists of Joel Citron, Horst Domdey, Alexander Kotsinas and Bo Cederstrand. During the year the Remuneration Committee held one meeting.

## REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

***Board***

At the 2014 Annual General Meeting, it was decided that the remuneration to a Board Member who is not an employee of the company shall amount to SEK 150,000 per year. Remuneration to the Chairman shall be SEK 175,000 per year. If a special agreement is made with Oasmia, Board Member fees may be paid through invoice from a company wholly-owned by a Board Member. In such case, the invoice amount shall be increased by social security and VAT.

***Salaries and other benefits***

Remuneration to the CEO and other senior executives shall consist of a fixed salary and pension provisions. In addition to a fixed salary, the CEO shall also be entitled to private health insurance and the payment of pension provisions.

***Terms of notice and severance pay***

If notice is given by the company, the term of notice for the CEO will be no more than 24 months. If notice is given by the CEO, the term of notice shall be no more than six months. For other senior executives, the term of notice shall normally be six months if notice is given by the company, and three months if notice is given by the executive. No special severance pay shall be given.

***Incentive programme***

Oasmia does not currently have any incentive programme. Decisions on any incentive scheme for senior executives are to be decided by the Annual General Meeting.

***Deviation in specific cases***

The Board has the right to deviate from these guidelines if there are special circumstances in a specific case. If such a deviation is made, information about the case and the reason for the deviation must be presented at the next Annual General Meeting.

***Auditors***

According to the Articles of Association, the company shall have one or two external auditors. The accounting firm EY was re-elected at the 2014 Annual General Meeting. Authorized Public Accountant Björn Ohlsson will serve as principal auditor.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Oasmia's process for internal control is designed to manage and minimize the risk of errors in financial reporting. The Board annually evaluates the need for an internal audit procedure and has determined that the company's current size and risk exposure do not justify a separate internal audit procedure. The following description explains how internal controls are organized. The description is limited to internal controls over financial reporting.

***Control environment***

The basis of the internal controls concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal policy documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board has ultimate responsibility for internal controls over financial reporting. Effective Board work is therefore the basis for sound internal control. Oasmia's Board has established a formal work plan and clear instructions for its work, including the work of the Audit Committee. The Audit Committee's primary task is assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

The Audit Committee's duties are supervisory. Responsibility for maintaining an effective control environment and the ongoing work regarding risk management and internal control over financial reporting is delegated to the CEO. Managers at various levels of the company are in turn responsible for their respective areas. Responsibility and authority are defined in the CEO instructions, instructions for authorization, manuals, other policies, procedures and codes.

The Board determines the company's major policies on information/communication, financing and risk management. Company management establishes procedures and the responsible managers issue guidelines and monitor implementation of all policies and instructions. The company's accounting and reporting instructions are defined in an accounting manual which is available to all financial staff. Along with laws and other external regulations, the organizational structure and the internal guidelines constitute the control environment.

***Risk assessment***

The goal of risk assessment is to identify areas of high risk within the business and to define the controls needed to manage these risks. Balance sheet and income statement items that are based on estimates or generated by complex processes are relatively more prone to error than other items.

The Board initiates an annual risk identification process and the results of the risk identification are evaluated by the Board in order to make an assessment of what steps need to be taken. The Board believes that the company has effective internal controls over financial reporting.

***Control activities***

Control activities are designed to prevent, detect and correct errors and deviations. The controls are integrated into the company's processes for payments, accounting and financial reporting and include authorization and approval procedures, reconciliation, performance analysis, division of administrative control and performance functions, and controls embedded in IT systems.

***Information and communication***

Information that it is assessed will affect the company's share price (price-sensitive information) is made public in a rapid and non-discriminatory manner. Company publications are done through press releases sent simultaneously to the Stock Exchange, established news agencies and newspapers. The information will also be simultaneously published on the company website. Oasmia is represented publicly in all matters primarily by the CEO. The CEO has delegated certain responsibilities to the Communications Officer. The CEO and Communications Officer may, on behalf of the company, inform/comment on matters relating to the company's operations.

The company applies quiet periods, which occur thirty days before the publication of annual and interim reports. In the instance of a leak of price-sensitive information or other special situations that may affect the valuation of the company, the Stock Exchange is to be notified, followed by a press release containing the same information. The company's public disclosures are governed by an information policy that is intended to ensure the quality of both internal and external information. Furthermore, the policy should facilitate compliance with applicable laws, regulations and agreements. The management of insider information is regulated by specific guidelines stated in the company's insider policy and logbook policy.

# THE BOARD OF DIRECTORS

**JULIAN ALEKSOV**
(born 1965)
*Executive Chairman of the Board since 2015.*
*Board member since 1999.*
Executive Chairman of Oasmia and one of the founders of the company. Extensive experience in coordination of research projects and strategic development of global intellectual property. Chairman of the Board of Oasmia Animal Health AB and Qdoxx Pharma AB.
*Shareholding:* 149,796 shares personally and 35,178,112 shares through the company Alceco International S.A.

**BO CEDERSTRAND**
(born 1939)
*Chairman 2000-2011.*
*Board member since 2011.*
About 40 years' experience as CEO and partner in a number of small and medium-sized businesses, mainly within trade. Extensive experience in international trade and production. Has been very active within trade associations. Deputy Member of the Board of Fruges AB (ongoing) and former Member of the Board of Arken Hemdjurshallarna.
*Shareholding:* 126,000 shares personally and 35,178,112 shares through the company Alceco International S.A.

**HORST DOMDEY**
(born 1951)
*Board member since 2011.*
Has extensive experience in biochemistry and molecular biology. President and CEO of Bio-M AG and Bio-M GmbH, as well as Chairman of the Munich Biotech Cluster. Co-founder of MediGene AG and Switch Biotech AG. Has previously held various positions at, for instance, the Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), the University of California and the California Institute of Technology. Has also worked as Associate Professor in biochemistry at the Ludwig Maximilians University of Munich.
*Shareholding:* –

**ALEXANDER KOTSINAS**
(born 1967)
*Board member since 2013.*
Vice President and CFO at Q-Med from 2008. Alexander has also served as CFO at Life Europe AB and the mobile provider 3. He has been Vice President at Investor AB and has worked at Ericsson. He has an MSc from the Royal Institute of Technology in Stockholm and a BSc from the Stockholm School of Economics. Currently partner at Nexttobe AB.
*Shareholding:* –

**HANS SUNDIN**
(born 1945)
*Board member since 2014.*
Over 30 years' experience of manufacturing, quality assurance and project management. Extensive international experience in the business, has held upper management positions in Swedish pharmaceutical companies and companies with pharmaceutical companies as clients.
*Shareholding:* 6,000 shares held personally

**HANS LILJEBLAD**
(born 1957)
*Board member since 2015.*
Partner at KLA Advokatbyrå since 2008 and a member of both the Swedish and the international Bar Association.
He has great experience of intellectual property law, capital markets law, corporate law, contract law and negotiations.
*Shareholding:* –

**LARS BERGQVIST**
(born 1964)
*Board member since 2015.*
Lars is a business administration graduate and has previously worked in managerial positions in a number of successful companies. He has amongst other things worked as CEO of Arken Zoo and Hidden Dinosaur. He also has many years' experience of Board work from FDT AB, Master Design AB, Svensk Franchise and other companies.
*Shareholding:* –

# MANAGEMENT

**JULIAN ALEKSOV**
*Executive Chairman of the Board*
Born 1965
Julian Aleksov is a co-founder of the company and has been an employee of Oasmia since 1999. He is an economist with extensive experience in research and strategic development of global intellectual property.
*Shareholding:* 149,796 shares held personally and 35,459,031 shares held through the company Alceco International S.A.

**MIKAEL ASP**
*Chief Executive Officer*
Born 1962
Mikael Asp has an MSc in Chemical Engineering and has been an employee at Oasmia since 2013. He has 25 years of experience from several companies within the international pharmaceutical industry in research and development, production, quality assurance and as a Qualified Person (QP).
*Shareholding:* 4,500 shares held personally

**ANDERS BLOM**
*Executive Vice President*
Born 1969
Employee since 2014. Anders has more than 15 years'experience of international strategic business development and financing from Q-Med, Galderma and Pharmacia. He is a business administration graduate from Uppsala University. Most recent employment was as CEO of Nexttobe AB.
*Shareholding:* –

**ANDERS LUNDIN**
*Chief Financial Officer,*
*Acting Vice President Communications*
Born 1964
Employed since 2014. Anders Lundin's latest employment was as Head of Finance at Q-Med in Uppsala. He has more than 21 years' experience of financial administration in commercial companies. He has been employed, amongst other things, as Finance Manager at GE Healthcare, Zarlink Semiconductor, Hi3g Access AB and Elektronikgruppen AB. Anders has a Bachelor's degree in Business Administration from Uppsala University.
*Shareholding:* –

**MARGARETA ERIKSSON**
*Vice President Clinical Development*
Born 1952
Margareta has a BSc in Chemistry and Biology, a Ph.D. in Zoology and has further academic education in Pharmacology, Statistics, Computer Science and English. Margareta has been employed by Oasmia since 2008 and has many years' experience from several companies in the pharmaceutical industry as a manager and project leader in clinical research.
*Shareholding:* –

**JOHN COSBY**
*Head of Regulatory Affairs*
Born 1962
John Cosby has a BSc in Chemistry and has been employed at Oasmia since 2006. He has many years' experience from several companies within international life science, with responsibility for regulatory affairs and product development.
*Shareholding:* 1,500 shares held personally

**HANS SUNDIN**
*Executive Vice President*
Born 1945
Over 30 years' experience of manufacturing, quality assurance and project management. Extensive international experience in the business, has held upper management positions in Swedish pharmaceutical companies and companies with pharmaceutical companies as clients.
*Shareholding:* 6,000 shares held personally

**ANNETTE LJUNGMARK**
*Head of Accounting and Human Resources*
Born 1950
Annette Ljungmark holds a degree from Stockholms Handelsreal and has been an employee at Oasmia since 2005. She has extensive experience from audit firms and the pharmaceutical industry with regard to finance, accounting, pensions and personnel issues.
*Shareholding:* –

# CONSOLIDATED INCOME STATEMENT

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| Net sales | 4 | 2,070 | 60 |
| Capitalized development costs | 5 | 16,797 | 29,464 |
| Other operating income | 6 | 221 | 4,454 |
| Raw materials, consumables and goods for resale | 7 | -10,062 | -6,835 |
| Other external expenses | 8, 9 | -60,740 | -75,189 |
| Employee benefit expenses | 10 | -50,530 | -45,101 |
| Depreciation/amortization and impairment | 11, 12 | -5,190 | -4,941 |
| Other operating expenses | 11 | -792 | -3 |
| **Operating income** | 13, 14 | **-108,225** | **-98,091** |
| | | | |
| Financial income | | 210 | 192 |
| Financial expenses | | -9,482 | -7,213 |
| **Financial income and expenses - net** | 13, 15 | **-9,272** | **-7,021** |
| | | | |
| **Income before taxes** | | **-117,497** | **-105,112** |
| | | | |
| Income taxes | 16 | - | - |
| **Income for the year** | | **-117,497** | **-105,112** |
| | | | |
| Income for the year attributable to: | | | |
| Parent Company shareholders | | -117,497 | -105,112 |
| | | | |
| Earnings per share before and after dilution, SEK | 17 | -1.28 | -1.27 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| Income for the year | | -117,497 | -105,112 |
| **Comprehensive income for the year** | | **-117,497** | **-105,112** |
| | | | |
| Comprehensive income for the year attributable to: | | | |
| Parent Company shareholders | | -117,497 | -105,112 |
| | | | |
| Comprehensive earnings per share, before and after dilution, SEK | | -1.28 | -1.27 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TSEK | NOTE | APR 30, 2015 | APR 30, 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | 22,852 | 24,401 |
| Capitalized development costs | 5 | 393,173 | 376,376 |
| Other intangible assets | 12 | 11,852 | 13,328 |
| Financial non-current assets | | 2 | 2 |
| **Total non-current assets** | | **427,879** | **414,106** |
| | | | |
| **Current assets** | | | |
| Inventories | 7 | 5,341 | 1,656 |
| Accounts receivable - trade | 18 | 105 | 49 |
| Other current receivables | 18, 20 | 2,566 | 2,729 |
| Prepaid expenses and accrued income | 18, 19 | 1,687 | 1,601 |
| Short-term investments | 18, 24 | 50,153 | - |
| Cash and cash equivalents | 18 | 26,837 | 48,241 |
| **Total current assets** | | **86,690** | **54,276** |
| | | | |
| **TOTAL ASSETS** | | **514,569** | **468,383** |
| | | | |
| **EQUITY** | | | |
| **Equity attributable to Parent Company shareholders** | | | |
| Share capital | 21 | 9,786 | 8,557 |
| Other capital provided | | 850,996 | 640,924 |
| Retained earnings, including income for the year | | -485,071 | -367,574 |
| **Total equity** | | **375,710** | **281,907** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Other non-current liabilities | | - | 891 |
| **Total non-current liabilities** | | **0** | **891** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 18, 24 | 20,000 | 40,000 |
| Borrowings | 18, 25 | 87,000 | 105,000 |
| Accounts payable | 18 | 14,017 | 17,503 |
| Other current liabilities | 22 | 1,796 | 1,594 |
| Accrued expenses and deferred income | 18, 23 | 16,045 | 21,488 |
| **Total current liabilities** | | **138,858** | **185,584** |
| | | | |
| **Total liabilities** | | **138,858** | **186,476** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **514,569** | **468,383** |

Any contingent liabilities and pledged assets are reported in Note 24.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS | | | |
|---|---|---|---|---|---|
| TSEK | NOTE | SHARE CAPITAL | OTHER CAPITAL PROVIDED | RETAINED EARNINGS | TOTAL EQUITY |
| **Opening balance as of May 1, 2013** | | **8,177** | **573,439** | **-262,463** | **319,153** |
| Comprehensive income for the year | | - | - | -105,112 | **-105,112** |
| New share issue | 21 | 380 | 71,820 | - | **72,200** |
| Issue expenses | | - | -4,335 | - | **-4,335** |
| **Closing balance as of April 30, 2014** | | **8,557** | **640,924** | **-367,574** | **281,907** |
| | | | | | |
| **Opening balance as of May 1, 2014** | | **8,557** | **640,924** | **-367,574** | **281,907** |
| Comprehensive income for the year | | - | - | -117,497 | -117,497 |
| New share issues | 21 | 1,229 | 224,916 | - | 226,145 |
| Issue expenses | | - | -14,844 | - | -14,844 |
| **Closing balance as of April 30, 2015** | | **9,786** | **850,996** | **-485,071** | **375,710** |

# CONSOLIDATED CASH FLOW STATEMENT

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating income before financial items | | -108,225 | -98,091 |
| Adjustments for non-cash items | | | |
| Depreciation and amortization | 11, 12 | 5,190 | 4,941 |
| Income from divestment/disposal of tangible assets | 11 | 792 | 3 |
| Interest received | 15 | 56 | 192 |
| Interest paid | 15 | -1,384 | -617 |
| **Cash flow from operating activities before changes in working capital** | | **-103,570** | **-93,571** |
| | | | |
| **Changes in working capital** | | | |
| Change in inventories | 7 | -3,684 | -769 |
| Change in accounts receivable - trade | 18 | -56 | -49 |
| Change in other current receivables | 19, 20 | 77 | 1,721 |
| Change in accounts payable | 18 | -3,486 | 10,419 |
| Change in other current liabilities | 18, 22, 23, 25 | 3,055 | -4,650 |
| **Cash flow from operating activities** | | **-107,665** | **-86,899** |
| | | | |
| **Investing activities** | | | |
| Investments in intangible assets | 5, 12 | -17,406 | -33,545 |
| Divestment of intangible assets | 12 | 1,200 | - |
| Investments in property, plant and equipment | 11 | -3,621 | -2,138 |
| Divestment of property, plant and equipment | 11 | 72 | - |
| Investments in short-term investments | 18 | -80,000 | - |
| Divestment of short-term investments | 18 | 30,000 | - |
| **Cash flow from investing activities** | | **-69,755** | **-35,682** |
| | | | |
| **Financing activities** | | | |
| Increase in liabilities to credit institutions | 18 | - | 80,000 |
| Decrease in liabilities to credit institutions | 18 | -20,000 | -40,000 |
| New share issues | 21, 25 | 190,861 | 72,200 |
| Issue expenses | 21, 25 | -14,844 | -4,335 |
| **Cash flow from financing activities** | | **156,017** | **107,865** |
| | | | |
| **Cash flow for the year** | | **-21,404** | **-14,716** |
| **Cash and cash equivalents at beginning of year** | | **48,241** | **62,956** |
| **Cash and cash equivalents at end of year** | 18 | **26,837** | **48,241** |

**Significant non-cash transactions**
As part of the Group's refinancing in 2014, 1,960,217 new shares were issued to Nexttobe AB in settlement of TSEK 35,284 principal and interest outstanding on the loan. The remaining principal and interest, of TSEK 87,000 due to the Nexttobe AB mature in December 30, 2015.

# PARENT COMPANY INCOME STATEMENT

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| Net sales | 4 | 2,070 | 60 |
| Capitalized development costs | 5 | 16,797 | 29,464 |
| Other operating income | 6 | 221 | 4,454 |
| Raw materials and consumables | 7 | -10,062 | -6,835 |
| Other external expenses | 8, 9 | -60,709 | -75,129 |
| Employee benefit expenses | 10 | -50,530 | -45,101 |
| Depreciation/amortization and impairment of tangible and intangible assets | 11, 12 | -5,190 | -4,938 |
| Other operating expenses | 11 | -792 | 0 |
| **Operating income** | | **-108,194** | **-98,025** |
| | | | |
| Income from holdings in Group companies | 26 | -75 | -80 |
| Other interest income and similar income | 13, 15 | 210 | 192 |
| Interest expenses and similar expenses | 13, 15 | -9,482 | -7,213 |
| **Financial income and expenses - net** | | **-9,347** | **-7,101** |
| | | | |
| **Income before taxes** | | **-117,541** | **-105,126** |
| | | | |
| Income taxes | 16 | - | - |
| **Income for the year** | | **-117,541** | **-105,126** |

# PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| Income for the year | | -117,541 | -105,126 |
| **Comprehensive income for the year** | | **-117,541** | **-105,126** |

# PARENT COMPANY BALANCE SHEET

| TSEK | NOTE | APR 30, 2015 | APR 30, 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible non-current assets | | | |
| Capitalized development costs | 5 | 393,173 | 376,376 |
| Concessions, patents, licences, trademarks and similar rights | 12 | 11,852 | 13,328 |
| Tangible non-current assets | | | |
| Equipment, tools and installations | 11 | 21,611 | 22,988 |
| Construction in progress and advance payments for tangible non-current assets | 11 | 1,241 | 1,413 |
| Financial non-current assets | | | |
| Holdings in Group companies | 26 | 110 | 110 |
| Other securities held as non-current assets | | 1 | 1 |
| **Total non-current assets** | | **427,988** | **414,215** |
| | | | |
| **Current assets** | | | |
| Inventories | | | |
| Raw materials and necessities | 7 | 5,341 | 1,656 |
| | | 5,341 | 1,656 |
| Current receivables | | | |
| Accounts receivable - trade | 18 | 105 | 49 |
| Other current receivables | 18, 20 | 2,565 | 2,727 |
| Prepaid expenses and accrued income | 18, 19 | 1,678 | 1,592 |
| | | 4,348 | 4,368 |
| | | | |
| Short-term investments | 18, 24 | 50,153 | - |
| Cash and bank balances | 18 | 26,833 | 48,238 |
| **Total current assets** | | **86,675** | **54,263** |
| | | | |
| **TOTAL ASSETS** | | **514,663** | **468,478** |

# PARENT COMPANY BALANCE SHEET

| TSEK | NOTE | APR 30, 2015 | APR 30, 2014 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Restricted equity | | | |
| Share capital | 21 | 9,786 | 8,557 |
| Statutory reserve | | 4,620 | 4,620 |
| | | 14,406 | 13,177 |
| Unrestricted equity | | | |
| Share premium reserve | | 850,996 | 640,924 |
| Retained earnings | | -372,380 | -267,255 |
| Income for the year | | -117,541 | -105,126 |
| | | 361,075 | 268,544 |
| **Total equity** | | **375,480** | **281,721** |
| | | | |
| **Non-current liabilities** | | | |
| Other non-current liabilities | | - | 891 |
| **Total non-current liabilities** | | **0** | **891** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 18, 24 | 20,000 | 40,000 |
| Borrowings | 18, 25 | 87,000 | 105,000 |
| Accounts payable | 18 | 14,017 | 17,500 |
| Liabilities to Group companies | 25 | 324 | 285 |
| Other current liabilities | 22 | 1,796 | 1,594 |
| Accrued expenses and deferred income | 23 | 16,045 | 21,488 |
| **Total current liabilities** | | **139,183** | **185,866** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **514,663** | **468,478** |
| | | | |
| **Contingent liabilities and pledged assets** | | | |
| Contingent liabilities | 24 | - | - |
| Pledged assets | 24 | 28,000 | 8,000 |

# PARENT COMPANY CHANGES IN EQUITY

| | | RESTRICTED EQUITY | | | |
|---|---|---|---|---|---|
| TSEK | NOTE | SHARE CAPITAL | STATUTORY RESERVE | UNRESTRICTED EQUITY | TOTAL EQUITY |
| **Opening balance as of May 1, 2013** | | **8,177** | **4,620** | **306,184** | **318,981** |
| New share issue | 21 | 380 | - | 71,820 | 72,200 |
| Issue expenses | | - | - | -4,335 | -4,335 |
| Comprehensive income for the year | | - | - | -105,126 | -105,126 |
| **Closing balance as of April 30, 2014** | | **8,557** | **4,620** | **268,544** | **281,721** |
| | | | | | |
| **Opening balance as of May 1, 2014** | | **8,557** | **4,620** | **268,544** | **281,721** |
| New share issues | 21 | 1,229 | - | 224,916 | 226,145 |
| Issue expenses | | - | - | -14,844 | -14,844 |
| Comprehensive income for the year | | - | - | -117,541 | -117,541 |
| **Closing balance as of April 30, 2015** | | **9,786** | **4,620** | **361,075** | **375,480** |

# PARENT COMPANY CASH FLOW STATEMENT

| TSEK | NOTE | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating income before financial items | | -108,194 | -98,025 |
| Adjustments for non-cash items | | | |
| Depreciation and amortization | 11, 12 | 5,190 | 4,938 |
| Income from divestment/disposal of tangible assets | 11 | 792 | 0 |
| Interest received | 15 | 56 | 192 |
| Interest paid | 15 | -1,384 | -617 |
| **Cash flow from operating activities before changes in working capital** | | **-103,539** | **-93,511** |
| | | | |
| **Changes in working capital** | | | |
| Change in inventories | 7 | -3,684 | -769 |
| Change in accounts receivable - trade | 18 | -56 | -49 |
| Change in other current receivables | 18, 19, 20 | 76 | 1,714 |
| Change in accounts payable | 18 | -3,483 | 10,416 |
| Change in other current liabilities | 22, 23, 25 | 3,020 | -4,692 |
| **Cash flow from operating activities** | | **-107,667** | **-86,892** |
| | | | |
| **Investing activities** | | | |
| Investments in intangible assets | 5, 12 | -17,406 | -33,545 |
| Divestment of intangible assets | 12 | 1,200 | - |
| Investments in property, plant and equipment | 11 | -3,621 | -2,138 |
| Divestment of property, plant and equipment | 11 | 72 | - |
| Investments in short-term investments | 18 | -80,000 | - |
| Divestment of short-term investments | 18 | 30,000 | - |
| **Cash flow from investing activities** | | **-69,755** | **-35,682** |
| | | | |
| **Financing activities** | | | |
| Increase in liabilities to credit institutions | 18 | - | 80,000 |
| Decrease in liabilities to credit institutions | 18 | -20,000 | -40,000 |
| New share issues | 21, 25 | 190,861 | 72,200 |
| Issue expenses | 21, 25 | -14,844 | -4,335 |
| **Cash flow from financing activities** | | **156,017** | **107,865** |
| | | | |
| **Cash flow for the period** | | **-21,406** | **-14,709** |
| **Cash and cash equivalents at beginning of year** | | **48,238** | **62,947** |
| **Cash and cash equivalents at end of year** | 18 | **26,833** | **48,238** |

# NOTES

## NOTE 1 GENERAL INFORMATION

Oasmia Pharmaceutical AB (Reg. No. 556332-6676 and the Parent Company of the Oasmia Group) is a limited company domiciled in Stockholm, Sweden. The address of the company is Vallongatan 1, Uppsala, where the Parent Company has its office, manufacturing facility and conducts research.

The company's shares are listed on NASDAQ Stockholm and on the Frankfurt Stock Exchange. The Group's operations are described in the Administration Report on pages 16-22. The annual report for Oasmia Pharmaceutical AB for the financial year ending April 30, 2015 was approved for publication by the Board on August 20, 2015. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on September 28, 2015 for adoption.

## NOTE 2 ACCOUNTING POLICIES

The principal accounting policies applied in these financial statements are set out below.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the recommendation RFR 1, Supplementary accounting regulations for Groups, issued by the Swedish Financial Reporting Board, has been applied.

The Parent Company applies the same accounting policies as the Group except in the cases listed below under "Parent Company accounting policies". The differences between the Parent Company and the Group are a result of limitations in the application of IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and in some cases for tax reasons.

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates for accounting purposes. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### The Group's accounting policies
### Changes in accounting policies

### New policies 2014/15

None of the standards and interpretations required for the first time for the financial year that began on May 1, 2014 had a material impact on the consolidated financial statements.

### New IFRS standards and interpretations effective financial year 2015/16 or later that may impact Oasmia's financial reporting:

*IFRS 15 Revenue from Contracts with Customers*

This standard comes into force on January 1, 2017 and will thus be applied by Oasmia as from the financial year 2017/2018.

The standard will first and foremost replace IAS 18 Revenue, which is the standard that regulates the reporting of revenues at the present time. Under IFRS 15 the basic principle for when a revenue may be recognized is when the acquiring party can use a good or can draw benefit from a service, while IAS 18 concentrates more on when risk is transferred from the vendor to the purchaser. IFRS 15 also requires considerably more disclosures than IAS 18. IFRS 15 is expected to impact Oasmia's financial reporting. However, it is still difficult to decide the extent of the impact, as this is very much dependent on how Oasmia's revenue situation develops in the two years up until the time when IFRS 15 comes into force.

*IFRS 9 Financial instruments*

This standard will come into force on January 1, 2018, that is to say that it will be applied by Oasmia as from the financial year 2018/2019. IFRS 9 will replace IAS 39 Financial Instruments and as regards the classification and assessment of financial instruments will involve simplifications compared to IAS 39. The introduction of this standard is not assessed to have any material impact on Oasmia's financial reports.

None of the other standards and interpretations which have not yet come into force are expected to have a material impact on the Group.

### Subsidiaries

Subsidiaries are companies where the Group has a controlling interest. The Group has a controlling interest in a company when the Group is exposed to or is entitled to variable return from its holding in the company and is able to affect the return through its controlling interest in the company.

Subsidiaries are included in the Consolidated Accounts as from the day on which the controlling interest is transferred to the Group. They are excluded from the Consolidated Accounts as from the day on which the controlling interest ends.

The acquisition method is applied to the recognition of the Group's acquisitions of subsidiaries. Acquisitions made before 2010/11 are recognized in accordance with the previous acquisition method. As from the financial year 2010/11 the Group applies (revised) IFRS 3 Business Combinations, where one of the amendments is that acquisition-related costs are carried as costs instead of being included in acquisition cost.

Identifiable acquired assets and liabilities in an operational acquisition are initially assessed at fair value on the date of acquisition. For each acquisition the Group determines whether a non-controlling interest in the acquired company is recognized at fair value or at the holding's proportional share of the net assets of the acquired company. The excess, as the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities, is recognized as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognized directly in the income statement.

Eliminations are made for intra-Group transactions and balance sheet items, and for unrealized gains on transactions between Group companies.

### Segment reporting

An operating segment is a part of a company that conducts business activities from which revenues can be generated and costs can be incurred, and for which independent financial information is available. Furthermore, the operating results of the segment are reviewed on a regular basis by the company's chief operating decision maker as the basis for the decision on allocation of resources to the segment and the evaluation of its result. The Group management has been identified as the chief operating decision maker. Group management assesses the business as a whole, that is as one segment and therefore does not include information by segment in the accounts. Note 4 reports the division of revenues into product groups and geographic markets as well as the value of non-current assets in Sweden and in other countries. Information is also provided about the customer structure in the same note.

### Translation of foreign currencies

The Group companies use SEK as their functional currency and reporting currency. Transactions in foreign currency are translated to the functional currency according to the exchange rates on the transaction date. Translation profits or losses arising from payments for such transactions and from translation of monetary assets and liabilities in foreign currency at the exchange rates on the closing date are recognized to operations. Currency gains and losses arising from the translation of bank accounts in foreign currencies are recognized under Net financial items.

### Tangible non-current assets

Property, plant and equipment are recognized at acquisition cost, with deductions for depreciation. The acquisition cost includes expenses directly attributable to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or are recognized as a separate asset, depending on what is most suitable, only when it is probable that the future economic benefits connected with the asset will prove beneficial to the Group and the acquisition cost of the asset can be measured in a reliable way. The carrying amount of the replaced part is removed from the Balance Sheet. All other types of repairs and maintenance are recognized as expenses in the Income Statement in the period in which they arise.

Tangible non-current assets which are acquired by conditional sale are recognized at acquisition cost, i.e. the total discounted amount of all future payments. A liability is recognized at the same time concerning the purchase sum not yet paid. The liability is initially valued at its fair value and thereafter at amortized cost with application of the effective interest method. The liability is divided into a non-current part and a current part and is recognized in the item Borrowings.

Assets are depreciated on a straight-line basis in order to distribute their acquisition cost to the calculated residual value over the calculated utilization period, as follows:

| | |
|---|---|
| • Vehicles | 3-5 years |
| • Inventories and production equipment | 5-15 years |
| • Leasehold improvements | 20 years |

The residual values and utilization period of the assets are reviewed at every balance sheet date and are adjusted as required. A carrying amount of an asset is immediately depreciated to its recoverable amount if the carrying amount exceeds its estimated recoverable amount. Profits and losses from divestments are established by a comparison between the sales revenue and the carrying amount and are recognized in Other operating income or Other operating expenses.

### Intangible assets
### Capitalized development costs

Expenditures for research are expensed as they occur. Development costs which are attributable to production and tests of novel or improved products are capitalized to the extent that they are expected to generate future economic benefits. Oasmia capitalizes development costs consisting of the company's work on clinical trials in phase III for the product candidates Paclical and Paccal Vet and for which all the preconditions for capitalization pursuant to IAS 38 have been met.

It is the assessment of the company that it is technically possible to complete the product candidates and make them available for sale, and that the beginning of a phase III study is the earliest time when all criteria for capitalization can be met. This assessment is made in the light of several factors.

Both products are based on a well-known and well-documented substance, paclitaxel, and Oasmia's own excipient XR-17. The company can therefore reuse data for both product candidates when applying for market approval and this can potentially lead to a shorter path to approval.

The company has both the resources and the competence to itself produce these two products for our clinical studies preceding a phase III study. Production takes place in approved premises with employed personnel.

The company both intends and is able to sell these products in various markets, both through existing distributors or through its own sales channels.

The oncology markets for both humans and pets are both large and growing, which means that the company assesses that it is possible that these products will be able to generate considerable economic benefits in the future.

Other development costs are recognized as an expense as and when they arise. Development costs previously recognized as an expense are not capitalized as an asset in subsequent periods. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company, and is begun when commercial sales are made to an end customer. In most cases this occurs after full approval has been received regarding an indication (e.g. a form of cancer) for a product candidate in a specific market.

### Other intangible assets

The Group capitalizes fees to authorities for patents to the extent they are expected to generate future economic benefits. They are recognized at acquisition cost, reduced by the accumulated amortizations. Amortization is performed on a straight-line basis in order to distribute the cost over the estimated utilization period. The estimated utilization period for patents is a maximum of 20 years.

The capitalized patent expenses comprise registration costs such as initial expenses for e.g. authorities and legal fees. The gain or loss arising when an intangible asset is divested or disposed of is determined as the difference between the settlements received and the carrying amount and is recognized in Other operating income or Other operating expenses.

### Inventories

The inventory is recognized at the lowest of acquisition cost and net realizable value. The acquisition cost is established by using the first in, first out method (FIFO). The acquisition cost consists of purchase costs and costs of own work. The net realizable value is the estimated sales price in the operating activities, with deductions for applicable variable selling expenses.

### Impairment of non-financial assets

The capitalized development costs which are not yet current are not amortized, but are instead evaluated annually for any impairment needs. The Group performs an estimation of the expected utilization period of the assets at every financial statement. If there are indications that an asset's value has diminished, the Group establishes the recoverable amount of the asset. This amount is the highest of the net realizable value of the asset, with deductions for selling expenses, and its value in use. The asset is amortized by the amount by which the carrying amount of the asset exceeds the recoverable amount. In order to establish the impairment need, the assets are grouped into cash generating units, which is the smallest group of assets that enables positive cash flows that are essentially independent of the cash flow from other assets or groups of assets. The Group presently has no assets with indeterminable utilization periods.

### Financial instruments

Financial instruments are agreements that give rise to a financial asset or liability. Financial assets are cash, equity instruments in other companies and such agreements that give entitlement to cash or other financial assets. Financial liabilities are agreements that oblige the company to pay cash or other financial assets to another company.

This means that there are several receivables and liabilities that are not financial instruments. For example receivables or liabilities that can be expected to be settled other than in cash or through other financial assets are not dealt with in accordance with the accounting principles that apply to financial instruments. The same applies to receivables or liabilities that are not based on agreements.

Financial instruments are recognized in the statement of financial position when Oasmia is one of the parties in the conditions of the agreement governing the instrument. A financial asset is removed from the statement of financial position when the rights in the agreement are terminated, as they have been realized or Oasmia loses control of them. A financial liability is removed from the statement of financial position when the obligation in the agreement has been fulfilled or in some other way ceases to apply.

Each time a report is drawn up an assessment is made as to whether there are circumstances indicating that a financial asset needs to be written down. If there is a need for impairment, the amount written down is identified in the income statement.

Oasmia's financial instruments are reported at fair value or at amortized cost:

- Fair value is the price that would be obtained if an asset were sold or paid in the settling of a liability in an orderly transaction between knowledgeable and independent parties.
- Amortized cost is the value at which the asset or liability was valued when it was acquired plus or minus certain adjustments in valuer.

Financial instruments are divided into different categories depending on their nature and the method used in their valuation. Oasmia reports its financial instruments in three such categories:

- **Financial assets and liabilities valued at fair value in the income statement**
  Changes in fair value are recognized in the income statement.
  This category includes:
  – *Short-term investments in fixed income funds.*
- **Loans receivable and accounts receivable**
  This category includes:
  – *Cash and cash equivalents valued at nominal value. Where they are denominated in a currency other than SEK, they are translated at the closing day rate of exchange.*
  – *Accounts receivable, other current receivables and accrued revenues are valued at amortized cost.*
- **Financial liabilities valued at amortized cost**
  This category includes:
  – *Borrowings and liabilities to credit institutions which are valued at nominal value as they have a short duration.*
  – *Accounts payable and accrued expenses valued at the value they are expected to be paid at.*

For further disclosures on Oasmia's financial instruments, please see Note 18 Financial instruments and financial risks.

### Share capital

Common stock is classified as equity. Transaction costs which can be attributed directly to new share issues or options are recognized, net after tax, in equity as a deduction from the funds generated by the issue.

### Income tax

Tax revenues and expenses are constituted by current and deferred tax. Current tax is the tax calculated on the taxable income of each legal entity in the Group for the current or a previous period. Deferred tax is tax on temporary differences between assets' and liabilities' carrying amount and tax base. A deferred tax revenue also arises to the extent that the tax effect of loss carry-forward is entered as a deferred tax asset. However, a deferred tax asset is only recognized to the extent that there are convincing reasons that a future taxable surplus will be available, against which the deferred tax asset can be offset. As it is not yet possible to reliably calculate when Oasmia will achieve such a surplus, no deferred tax assets have been recognized.

### Employee benefits

#### Current remuneration

Current remuneration to employees is calculated without discounting and is recognized as an expense when the services concerned are obtained.

### Pension obligations

The Group has defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined contribution pension plan obligations are recognized as employee benefits as and when they are earned by employees carrying out services for the company in any given period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

### Severance pay

Severance pay is awarded when notice is given to an employee by the Group before the normal pension date, or when an employee accepts voluntary resignation in exchange for such payments. The Group recognizes severance pay when it is obliged either to give notice to the employee according to a detailed formal plan without the possibility of recall, or to pay remuneration when notice is given as a result of an offer made to encourage voluntary resignation. Benefits which are due more than 12 months after the balance sheet date are discounted to the present value.

### Revenue recognition

Revenues comprise the fair value of what has been received or will be received for sold goods, services and necessities as a result of the Group's business operations. Revenue is recognized without value added tax, and after elimination of intra-Group sales. The Group recognizes revenue when the amount can be measured in a reliable way, it is likely that future economic benefits will accrue to the company and certain criteria have been fulfilled for each of the business activities of the Group described below.

#### (a) Sales of goods

Revenues from sales of goods are recognized at the time when they are delivered to customers, licensees or distributors. This is the time when ownership rights are transferred to the recipient of the goods.

In addition to sales of registered pharmaceuticals, sales may be conducted before a drug has been registered, in the following two cases. In the first case, the purchaser is a hospital pharmacy or veterinary clinic where the company's clinical trials are ongoing. In the second case, the purchaser is a treating clinic that has decided to test a drug that has not yet been approved, as registered drugs have not had the desired effect. Both cases are called compassionate use and the Parent Company has had such sales. In such cases delivery and invoicing of the product are performed at the same time and the revenue is recognized at this time.

**(b) Contract assignments**
Contract assignments carried out are recognized as revenue to the extent that they have been completed at the end of the reporting period, that is by gradual revenue recognition.

**(c) Sale of necessities**
Oasmia sells necessities, in the form of sterile water that has been produced in the company's facility, to another company. The resulting revenues are recognized upon delivery.

**(d) Royalties**
Royalty revenues arise when a licensee recognizes sales in its market. Royalty revenues are recognized in the same period as the licensee's sales.

**(e) Milestone payments**
Milestone payments are received from licensees. They are recognized as revenues when a licensing agreement has been entered into and when other criteria pursuant to the agreement have been met by Oasmia or by the licensee. Such agreement criteria are the time of registration of Oasmia's pharmaceuticals and sales levels achieved by the licensee. Each such item is assessed on its own merits regarding any uncertainty factors that may entail a risk of repayment, wholly or partly, given that the licensing agreement in question may contain such a clause. When it is assessed that such an uncertainty factor exists, the amount for which there is a risk of repayment is recognized as deferred income, long-term or short-term. When such an uncertainty factor no longer exists, the amount is recognized as revenue.

## Leasing
Leasing whereby a significant part of the risks and benefits of ownership is retained by the lessor is classified as operational leasing. Payments made during the lease term (after deduction of any incentives from the lessor) are carried as an expense in the income statement on a straight-line basis over the term of the lease. The company has no financial leasing.

### Dividends
Dividends paid to the Parent Company's shareholders are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by Parent Company shareholders.

### Cash flow
Cash flow statements are prepared using the indirect method.

## Parent Company accounting policies
The Parent Company's accounts are presented in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. RFR 2 states that in the annual report for the legal entity the Parent Company shall apply all IFRS and announcements adopted by the EU as far as possible within the framework of the Annual Accounts Act, and with regard to the connection between accounting and taxation. The recommendation lists which exceptions and additions are to be made from IFRS.

The differences between the accounting policies of the Group and the Parent Company are described below. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

### Classification and forms of presentation
The Parent Company uses the terms Balance Sheet and Changes in Equity for the reports that in the Consolidated Accounts are named the Statement of Financial Position and Statement of Changes in Equity. The form of presentation of the Parent Company's income statement and balance sheet is based on the table presented in the Annual Accounts Act, which entails differences compared to the consolidated financial statements, as the presentations based on IAS 1, Presentation of Financial Statements, are mainly applicable to the classification of equity and the naming of certain items.

### Revenues
Dividends
Dividend revenue is recognized when the right to receive payment is judged to be safe.

### Group and shareholder contributions for legal entities
Shareholder contributions are accounted for as equity by the recipient and as an increase of holdings in Group companies by the donor.
Group contributions made by the Parent Company to a subsidiary are reported as an increase in holdings in Group companies in the Parent Company accounts.

Group contributions from a subsidiary to the Parent Company are accounted for as financial revenue in the Parent Company.

# NOTE 3 SIGNIFICANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES
Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

### Significant estimates and assumptions for accounting purposes
The Group makes estimates and assessments about the future. The resulting estimates for accounting purposes will by definition seldom correspond to the actual result. The estimates and assessments that entail a considerable risk of significant adjustments in the carrying amounts for assets and liabilities in the next financial year are listed below.

**(a) Impairment tests for intangible assets**
The Group capitalizes development costs for two drug candidates Paclical and Paccal Vet. The financial year's capitalized development costs amounted to TSEK 16,797 (29,464) and the Group's capitalized development costs, as of April 30, 2015, amounted to TSEK 393,173 (376,376). The company annually performs an assessment of whether there is a need for impairment of the capitalized development costs. Oasmia's impairment tests show that there is no need for impairment. Market approval has been received for Paclical in Russia for the indication of ovarian cancer in humans and conditional market approval has been received for Paccal Vet in the USA for the indications of mammary carcinoma and squamous cell carcinoma in dogs. In Oasmia's assessment, more market approvals can be expected in the foreseeable future and expected future profits justify the value of the assets. If the other market approvals were not to be received, if a considerably lower price than expected was received per treatment, if the market share was lower, or if the likelihood of receiving approval were to decrease, all or parts of the capitalized expenditure would be carried as expenses. As of April 30, 2015 capitalized expenditure amounted to 105 % (134) of the equity at the same time. The Group annually evaluates whether a need for impairment exists for all intangible assets, in accordance with the accounting policies described in Note 2.

**(b) Licensing revenues**
The Parent Company enters into licensing and distribution agreements with other companies. Such agreements include certain milestone payments with a risk of repayment, depending on success in product development and registration. The Parent Company continuously evaluates whether such conditions have changed, been eliminated or been realized, in accordance with the accounting policies described in Note 2.

**(c) Income taxes**
The Group is required to pay tax in Sweden. The Group's companies have so far showed negative taxable income, and as a result significant taxable deficits exist in the Group. There are at present no certain indications as to when loss carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet. Accumulated taxable deficits in the Group are described in Note 16.

**(d) Contingent assets**
The Company has filed a lawsuit against a vendor of freeze dyers in respect of equipment claimed to be defective. The total estimated loss for the Company amounted to TSEK 14,500, from which Oasmia collected to date TSEK 4,250 from its insurance policy. Oasmia's estimated claim amounts to TSEK 9,500 should the action be successful. A trial has not yet been initiated and therefore it is not practicable to state the timing of the payment, if any. The Company's management has been advised by its legal counsel that it is probable that the action will succeed, however due to the fact that it is not certain no asset has been included in the statement of financial position.

### Important judgements when applying the company's accounting policies
The Group capitalizes development costs for two pharmaceutical candidates, Paclical and Paccal Vet. The company assesses that the beginning of a phase III study is the earliest time when all criteria for capitalization can be fulfilled. It is at this time that the company can assess whether it is technically possible to complete the intangible asset so that it can be used or sold. If the Group should make the judgment that all capitalization criteria are no longer fulfilled, these assets would be written off against Group income.

At least once a year, normally when the annual financial statements are prepared, the Group's tangible and intangible assets are tested to see if there is a need for impairment. Tests may also be carried out if management assesses that there have been significant changes in the assumptions that can affect the result of the tests. The question is whether the recoverable amount of the asset is greater than its carrying amount. Usually these Group assets have no stated market value, and the company therefore applies the value in use method. One of the important assets that are the subject of impairment testing is the item capitalized development costs for Paccal Vet and Paclical. The impairment testing is based on management's forecasts for the future economic development of the products Paccal Vet and Paclical. These forecasts are partly based on available statistics, primarily on the incidence of cancer per type of cancer, but also on management's assessment of future development that cannot be supported by external statistics or comparative data. The result of the impairment testing consists of seeing if the value in use is greater than the carrying amount of the assets. If this is the case, no impairment is performed. If on the other hand the value in use is less than the carrying amount, the asset is written down to its recoverable amount.

The Group capitalizes expenditures for patents because they are expected to generate future economic benefits. If the Group should make the judgement that they are no longer expected to generate future economic benefits, these assets would be written off against the Group's income.

## NOTE 4 SEGMENT INFORMATION

The Group currently has only one segment and therefore reports no information by segment.
Company-wide information is presented below.

### Revenue breakdown

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Sale of necessities | 68 | 60 | 68 | 60 |
| Sale of goods and royalty revenues | 2,002 | 0 | 2,002 | 0 |
| **Total** | **2,070** | **60** | **2,070** | **60** |

The Group is headquartered in Sweden. Revenue from external customers in Sweden amounted to TSEK 68 (60) and consisted of sales of necessities. Revenue from external customers in other countries amounted to TSEK 2,002 (0) and came from sales to a customer based in the USA.

Non-current assets located in Sweden amounted to TSEK 421,973 (408,523) and non-current assets located in another country amounted to TSEK 5,905 (5,584).

## NOTE 5 CAPITALIZED DEVELOPMENT COSTS

### Common to Group and Parent Company

| | MAY 1, 2014 – APR 30, 2015 | | | MAY 1, 2013 – APR 30, 2014 | | |
|---|---|---|---|---|---|---|
| TSEK | PACLICAL | PACCAL VET | TOTAL | PACLICAL | PACCAL VET | TOTAL |
| Opening acquisition cost | 280,919 | 95,457 | 376,376 | 261,242 | 85,669 | 346,911 |
| Capitalized expenditure for the year | 9,189 | 7,608 | 16,797 | 19,677 | 9,788 | 29,464 |
| Closing accumulated acquisition cost | 290,108 | 103,065 | 393,173 | 280,919 | 95,457 | 376, 376 |
| | | | | | | |
| Opening accumulated amortization | - | - | 0 | - | - | 0 |
| Amortization for the year | - | - | 0 | - | - | 0 |
| Closing accumulated amortization | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| Closing carrying amount | 290,108 | 103,065 | 393,173 | 280,919 | 95,457 | 376,376 |

Capitalized development costs amounted to TSEK 16,797 (29,464) for the financial year and research and development costs which were not capitalized amounted to TSEK 74,028 (71,162), in total TSEK 90,825 (100,626).

## NOTE 6 OTHER OPERATING INCOME

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Insurance compensation | 26 | 4,250 | 26 | 4,250 |
| State support (new start jobs) | 153 | 204 | 153 | 204 |
| Exchange-rate differences | 42 | - | 42 | - |
| Total | 221 | 4,454 | 221 | 4,454 |

## NOTE 7 INVENTORIES

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| **Valued at acquisition cost** | | | | |
| Raw materials | 5,341 | 1,656 | 5,341 | 1,656 |
| **Total** | **5,341** | **1,656** | **5,341** | **1,656** |

During the year goods of TSEK 2,439 (0) were carried as an expense. There was no impairment of inventory.

## NOTE 8 REMUNERATION TO AUDITORS

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| **Ernst & Young AB** | | | | |
| Auditing | 1,405 | 425 | 1,405 | 425 |
| Auditing activities in addition to auditing | 1,363 | 4,930 | 1,363 | 4,930 |
| Tax consulting | 35 | - | 35 | - |
| Other services | 112 | - | 112 | - |
| **Total** | **2,915** | **5,355** | **2,915** | **5,355** |

Auditing involves reviews of the Annual Report, the accounting records, and of the management of the Board of Directors and CEO, and other tasks that the company's auditors are required to undertake. Auditing activities in addition to auditing include review of interim reports and quality assurance services.

## NOTE 9 LEASING

The Group has no financial leasing agreements, but has operational leasing agreements that primarily consist of leases for facilities. There are no variable fees. Leasing costs (minimum lease payments) were TSEK 5,303 (4,272) for the financial year. The future minimum lease payments for operational leases are as follows:

| FINANCIAL YEAR | OPERATIONAL LEASING (TSEK) |
|---|---|
| 2015/2016 | 5,294 |
| 2016/2017 | 3,943 |
| 2017/2018 | 895 |
| 2018/2019 | 545 |
| 2019/2020 | 192 |
| **Total** | **10,869** |

## NOTE 10 EMPLOYEES AND REMUNERATION

### Average number of employees

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Women | 37 | 37 | 37 | 37 |
| Men | 36 | 37 | 36 | 37 |
| **Total** | **73** | **74** | **73** | **74** |

All employees have their employment and carry out their main duties in Sweden.

### Salaries and benefits

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Board | 1,495 | 941 | 1,495 | 941 |
| CEO and other senior executives | 6,891 | 7,288 | 6,891 | 7,288 |
| Other employees | 28,786 | 26,846 | 28,786 | 26,846 |
| Defined contribution pension plans, incl. Fora | 2,043 | 371 | 2,043 | 371 |
| Defined medical benefits | 39 | 4 | 39 | 4 |
| **Total salary and remuneration** | **39,256** | **35,449** | **39,256** | **35,449** |
| | | | | |
| Social security contributions by law and agreement | 10,492 | 9,462 | 10,492 | 9,462 |
| Special employer's contribution, pension expenses | 488 | 90 | 488 | 90 |
| **Total salaries, remuneration and social security** | **50,236** | **45,002** | **50,236** | **45,002** |

NOTE 10 *(cont.)* →

## NOTE 10 (CONT.) EMPLOYEES AND REMUNERATION

### Benefits for senior executives

**Board of Directors and Board committees**
Remuneration of the Chairman of the Board of Directors and Board members is decided by the Annual General Meeting. There is no remuneration for participation in the Nomination Committee. Board fees for Joel Citron are invoiced through wholly-owned Miankoma Partners; Jan Lundberg is invoiced through wholly-owned Rekonstructa AB and Martin Nicklasson is invoiced through wholly-owned Nicklasson Life Science AB in accordance with the decision of the Annual General Meeting and by special agreement with Oasmia Pharmaceutical AB. Except for what is described in Transactions with senior management in Note 25, no other remuneration such as salary, pension premium or other benefits has been paid.

**Chief Executive Officer**
Remuneration of the CEO consists of a fixed salary. The remuneration is reviewed annually on April 1. According to the CEO's agreement regarding individual health insurance and pension insurance, the company shall pay an annual amount corresponding to 20% of the CEO's pensionable annual salary to any chosen insurance company. If a termination notice is given by the employer, a 24-month term of notice applies. If a termination notice is given by the CEO, the term of notice is 6 months.

**Terms of employment for other senior executives**
Remuneration to other senior executives consists only of fixed salary and pension insurance based on the pensionable annual salary. Salaries are reviewed annually on April 1.

### Remuneration to Board and senior executives

Common to Group and Parent Company.

| | MAY 1, 2014 – APR 30,2015 | | | |
|---|---|---|---|---|
| TSEK | BASE SALARY/ BOARD FEES | SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION | PENSION/ SICKNESS BENEFITS | VARIABLE REMUNERATION |
| Chairman of the Board, Joel Citron | 175 | - | - | - |
| Board member, Jan Lundberg[1)] | 75 | 8 | - | - |
| Board member, Bo Cederstrand | 150 | 15 | - | - |
| Board member, Martin Nicklasson[1)] | 75 | 24 | - | - |
| Board member, Horst Domdey | 150 | 47 | - | - |
| Board member, Alexander Kotsinas[2)] | - | - | - | - |
| Board member, Hans Sundin[3)] | 870 | 89 | 17 | - |
| Board member and CEO, Julian Aleksov | 1,455 | 477 | 279 | 25 |
| Other senior executives (6 persons)[4)] | 5,279 | 1,492 | 467 | 132 |
| **Total** | **8,229** | **2,151** | **762** | **157** |

1) Resigned in September 2014.
2) Alexander Kotsinas has waived remuneration for work on the Board.
3) Elected as Board member in September 2014. Hans Sundin is executive Board member and receives salary.
4) In August and October 2014 the management team was increased by 2 people. One senior executive left the company in September 2014.

| | MAY 1, 2013 – APR 30,2014 | | | |
|---|---|---|---|---|
| TSEK | BASE SALARY/ BOARD FEES | SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION | PENSION/ SICKNESS BENEFITS | VARIABLE REMUNERATION |
| Chairman of the Board, Joel Citron | 175 | - | - | 41 |
| Board member, Jan Lundberg | 150 | 15 | - | - |
| Board member, Bo Cederstrand | 150 | 15 | - | - |
| Board member, Martin Nicklasson | 150 | 47 | - | - |
| Board member, Horst Domdey | 150 | 47 | - | - |
| Board member, Alexander Kotsinas[1)] | - | - | - | |
| Board member and CEO, Julian Aleksov | 1,267 | 463 | 253 | 39 |
| Other senior executives (8 persons)[2)] | 5,842 | 1,491 | 17 | 140 |
| **Total** | **7,884** | **2,078** | **271** | **221** |

1) Elected as Board member in September 2013 and has waived remuneration for work on the Board.
2) Two senior executives left the company during the financial year, in November 2013 and April 2014.

### Gender distribution on the Board and in management

| | APR 30, 2015 | | APR 30, 2014 | |
|---|---|---|---|---|
| | NUMBER ON BALANCE SHEET DATE | NUMBER OF MEN | NUMBER ON BALANCE SHEET DATE | NUMBER OF MEN |
| **Group** | | | | |
| Board members | 5 | 5 | 7 | 7 |
| Chief Executive Officer and other senior executives | 7 | 5 | 7 | 5 |
| | | | | |
| **Parent Company** | | | | |
| Board members | 5 | 5 | 7 | 7 |
| Chief Executive Officer and other senior executives | 7 | 5 | 7 | 5 |

### Health care and medical care

Oasmia offers its employees free medical care up to the cost ceiling and free medicines up to the cost ceiling. Oasmia has also signed an agreement with a provider of occupational health services.

## NOTE 11 TANGIBLE NON-CURRENT ASSETS

Property, plant and equipment consists of vehicles, inventory and production equipment, and leasehold improvements.

GROUP MAY 1, 2014 – APR 30, 2015

| TSEK | VEHICLES | INVENTORIES AND PRODUCTION EQUIPMENT | LEASEHOLD IMPROVEMENTS | CONSTRUCTION IN PROGESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT | TOTAL |
|---|---|---|---|---|---|
| Opening acquisition cost | 148 | 38,439 | 8,512 | 1,413 | 48,512 |
| Investments for the year | - | 2,005 | 175 | 1,441 | 3,621 |
| Reclassifications | - | 852 | - | -852 | 0 |
| Sales/disposals | - | -739 | -482 | -761 | -1,982 |
| **Closing accumulated acquisition cost** | **148** | **40,557** | **8,205** | **1,241** | **50,151** |
| | | | | | |
| Opening depreciation | -148 | -21,503 | -2,460 | 0 | -24,111 |
| Depreciation for the year | - | -3,893 | -412 | - | -4,305 |
| Sales/disposals | - | 729 | 388 | - | 1,117 |
| **Closing accumulated depreciation** | **-148** | **-24,667** | **-2,484** | **0** | **-27,299** |
| | | | | | |
| Closing carrying amount | 0 | 15,890 | 5,721 | 1,241 | 22,852 |

A purchase sum of TSEK 72 (0) was received from the sale of non-current assets. This sum corresponded to the carrying amount. Disposals affected results by TSEK 792 (0), as reported under Other operating expenses.

GROUP MAY 1, 2013 – APR 30, 2014

| | | | | | |
|---|---|---|---|---|---|
| Opening acquisition cost | 148 | 34,851 | 8,512 | 5,805 | 49,316 |
| Investments for the year | - | 725 | - | 1,413 | 2,138 |
| Reclassifications | - | 5,805 | - | -5,805 | 0 |
| Sales/disposals | - | -2,942 | - | - | -2,942 |
| **Closing accumulated acquisition cost** | **148** | **38,439** | **8,512** | **1,413** | **48,512** |
| | | | | | |
| Opening depreciation | -148 | -20,956 | -2,051 | 0 | -23,156 |
| Depreciation for the year | - | -3,488 | -409 | - | -3,897 |
| Sales/disposals | - | 2,941 | - | - | 2,941 |
| **Closing accumulated depreciation** | **-148** | **-21,503** | **-2,460** | **0** | **-24,111** |
| | | | | | |
| Closing carrying amount | 0 | 16,936 | 6,052 | 1,413 | 24,401 |

NOTE 11 (cont.) →

## NOTE 11 (CONT.) TANGIBLE NON-CURRENT ASSETS

**PARENT COMPANY MAY 1, 2014 – APR 30, 2015**

| TSEK | VEHICLES | INVENTORIES AND PRODUCTION EQUIPMENT | LEASEHOLD IM-PROVEMENTS | CONSTRUCTION IN PROGESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT | TOTAL |
|---|---|---|---|---|---|
| Opening acquisition cost | 148 | 38,439 | 8,512 | 1,413 | 48,512 |
| Investments for the year | - | 2,005 | 175 | 1,441 | 3,621 |
| Reclassifications | - | 852 | - | -852 | 0 |
| Sales/disposals | - | -739 | -482 | -761 | -1,982 |
| **Closing accumulated acquisition cost** | **148** | **40, 557** | **8,205** | **1,241** | **50,151** |
| | | | | | |
| Opening depreciation | -148 | -21,503 | -2,460 | 0 | -24,111 |
| Depreciation for the year | - | -3,893 | -412 | - | -4,305 |
| Sales/disposals | - | 729 | 388 | - | 1,117 |
| **Closing accumulated depreciation** | **-148** | **-24,667** | **-2,484** | **0** | **-27,299** |
| | | | | | |
| Closing carrying amount | 0 | 15,890 | 5,721 | 1,241 | 22,852 |

A purchase sum of TSEK 72 (0) was received from the sale of non-current assets. This sum corresponded to the carrying amount. Disposals affected results by TSEK 792 (0), as reported under Other operating expenses.

**PARENT COMPANY MAY 1, 2013 – APR 30, 2014**

| | | | | | |
|---|---|---|---|---|---|
| Opening acquisition cost | 148 | 34,851 | 8,512 | 5,805 | 49,316 |
| Investments for the year | - | 725 | - | 1,413 | 2,138 |
| Reclassifications | - | 5,805 | - | -5,805 | 0 |
| Sales/disposals | - | -2,942 | - | - | -2,942 |
| **Closing accumulated acquisition cost** | **148** | **38,439** | **8,512** | **1,413** | **48,512** |
| | | | | | |
| Opening depreciation | -148 | -20,956 | -2,051 | 0 | -23,156 |
| Depreciation for the year | - | -3,615 | -409 | - | -4,024 |
| Sales/disposals | - | 3,068 | - | - | 3,068 |
| **Closing accumulated depreciation** | **-148** | **-21,503** | **-2,460** | **0** | **-24,111** |
| | | | | | |
| Closing carrying amount | 0 | 16,936 | 6,052 | 1,413 | 24,401 |

## NOTE 12 OTHER INTANGIBLE ASSETS

Other intangible assets consist of the costs of patents.

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Opening acquisition cost | 22,973 | 18,937 | 22,973 | 18,893 |
| Investments for the year | 609 | 4,080 | 609 | 4,080 |
| Divestments | -1,200 | - | -1,200 | - |
| Disposals | - | -44 | - | - |
| **Closing accumulated acquisition cost** | **22,382** | **22,973** | **22,382** | **22,973** |
| | | | | |
| Opening accumulated amortization | -9,645 | -8,643 | -9,645 | -8,605 |
| Amortization for the year | -884 | -1,044 | -884 | -1,041 |
| Disposals | - | 42 | - | - |
| **Closing accumulated amortization** | **-10,529** | **-9,645** | **-10,529** | **-9,645** |
| | | | | |
| Closing carrying amount | 11,852 | 13,328 | 11,852 | 13,328 |

## NOTE 13 CURRENCY DIFFERENCES – NET

Currency differences are recognized in the income statement as follows:

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Other operating income | 42 | - | 42 | - |
| Raw materials, consumables and goods for resale | -1,249 | -636 | -1,249 | -636 |
| Financial items - net | -11 | 15 | -11 | 15 |
| **Total** | **-1,218** | **-621** | **-1,218** | **-621** |

## NOTE 14 OPERATING INCOME

Operating income for the financial year May 1, 2014 – April 30, 2015 was TSEK -108,225 (-98,091). Of the Group's recognized operating expenses of TSEK 127,313 (132,069), TSEK 16,797 (29,464) was recognized as capitalized development costs.

## NOTE 15 FINANCIAL INCOME AND EXPENSES

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| **Financial income:** | | | | |
| Interest income from bank accounts, short-term investments and alike | 170 | 176 | 170 | 176 |
| Exchange-rate differences | 40 | 16 | 40 | 16 |
| **Total** | **210** | **192** | **210** | **192** |
| | | | | |
| **Financial expenses:** | | | | |
| Interest expenses on loans, credit and other interest expenses | -9,431 | -7,212 | -9,431 | -7,212 |
| Exchange-rate differences | -51 | -1 | -51 | -1 |
| **Total** | **-9,482** | **-7,213** | **-9,482** | **-7,213** |

## NOTE 16 INCOME TAXES

All Group companies have their fiscal domicile in Sweden, where the tax rate for the 2014/15 financial year is 22 % (22 %). The income tax on Group earnings before tax is shown in the table below:

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Income before taxes | -117,497 | -105,112 | -117,541 | -105,126 |
| Non-taxable revenues | -1 | 0 | -1 | 0 |
| Non-deductible expenses | 366 | 973 | 366 | 973 |
| Impairment of holdings in subsidiaries | - | - | 75 | 80 |
| **Taxable income** | **-117,132** | **-104,139** | **-117,101** | **-104,073** |
| Income tax according to current tax rates in Sweden | 25,769 | 22,911 | 25,762 | 22,896 |
| Taxable deficits for which no deferred tax asset is recognized | -25,769 | -22,911 | -25,762 | -22,896 |
| **Tax expense** | **0** | **0** | **0** | **0** |

At April 30, 2015 the Group had accumulated loss carry-forward from previous years and from the financial year amounting to TSEK 521,391 (404,260) and the Parent Company had such loss carry-forward of TSEK 512,161 (395,061). There are at present no certain indications as to when loss carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet.

## NOTE 17 EARNINGS PER SHARE

Earnings per share are calculated by dividing earnings attributable to Parent Company shareholders by a weighted number of ordinary shares outstanding during the period. There are no potential ordinary shares outstanding that would lead to a dilution effect.

| | GROUP | |
|---|---|---|
| | MAY 1, 2014 -APR 30, 2015 | MAY 1, 2013 -APR 30, 2014 |
| Earnings attributable to Parent Company shareholders (TSEK) | -117,497 | -105,112 |
| Weighted average number of ordinary shares outstanding (thousands)* | 91,655 | 82,848 |
| Earnings per share (SEK per share)* | -1.28 | -1.27 |

* Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

## NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### Financial risks

Oasmia's business, like all business activities, is subjected to a large number of risks. In general these may be divided into such risks that directly affect the Group's financial situation (financial risks) and such risks that only affect the financial situation indirectly (operational risks). What operational risks Oasmia is subjected to and how these are managed is described in the Administration Report.

Financial risks can be divided up into such risks that affect the Group's financial instruments and other financial risks. The latter affect other assets and liabilities and equity.

The financial risks that Oasmia's financial instruments are to varying extents subjected to are primarily:

- **Credit risk,** meaning the risk that a debtor does not pay its liability to Oasmia.
- **Liquidity risk,** meaning the risk that Oasmia does not have sufficient funds to pay a liability when it falls due for payment or that a lack of liquidity significantly limits Oasmia in its business operations.
- **Market risk,** meaning the risk that values that are dependent on the development of the financial markets affect the value of Oasmia's financial instruments negatively.

The market risks that affect Oasmia's financial instruments are primarily:

- *Market price risk: the market price of the fixed income funds that Oasmia has invested in.*
- *Currency risk: exchange rates for the currencies that Oasmia's financial instruments are denominated in.*
- *Interest-rate risk: Stockholm Interbank Offered Rate (Stibor), which the interest on Oasmia's bank loans is tied to.*

The following sensitivity analysis shows the effect in TSEK if each parameter were to change by 1 percent, or in the case of currency risk, if the percentage level were to change by 1 percent:

| | | MARKET PRICE RISK | | CURRENCY RISK | | INTEREST-RATE RISK | |
|---|---|---|---|---|---|---|---|
| FINANCIAL INSTRUMENT | PARAMETER | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Short-term investments | Market price +/- 1 percent | 500 | - | - | - | - | - |
| Financial liabilities | Interest rate +/- 1 percentage point | - | - | - | - | 100 | 100 |
| Accounts payable and other current liabilities | Exchange rate +/- 1 percent | - | - | 100 | 100 | - | - |

These risks, how they are managed and what financial instruments are affected by them are discussed further below in the sections "Financial risk management" and "Financial instruments".

Two main Other financial risks for Oasmia can be identified at present:

- **Financing risk:** Oasmia does not yet find itself in a commercialization stage, which means that revenues and cash flows generated from sales are not yet sufficient to cover the Group's capital and liquidity requirements. The financing risk therefore entails the risk that Oasmia cannot manage to find existing and new owners who are willing to contribute equity and creditors who are prepared to give loans to a sufficient extent until the company's own sales have reached a sufficient size.

- **Impairment risk:** As is described in Note 3 "Significant estimates and assumptions for accounting purposes" the value of "Capitalized development costs" has been tested in a comprehensive impairment test. This test is based on a number of assumptions concerning the time for regulatory market approval and the future development of above all market size, market penetration, demand and price structure in different markets. There is a risk that these parameters later develop in a negative way that could not be foreseen when the testing was performed and that an impairment requirement thereby then arises for all or parts of the intangible assets. Bearing in mind that in the Statement of Financial Position at April 30, 2015 these constitute 76% of the total assets, such impairment may have considerable consequences for the Group's financial position.

### Financial risk management

The Group financial policy determined by the Board regulates how management should identify financial risks and, when possible and necessary, take measures to limit risk.

Risk consists of two components:
- **The risk that a negative events occurs**
- **The risk that there are great consequences if a negative event were to occur**

A correct assessment of risk, and thus a decision on appropriate risk management measures, is based on a true assessment of both these components. Obviously there can be situations where it is not profitable to actively take measures to prevent a negative event even if there is a risk that it may occur, if at the same time the consequences of such a negative event are small. In such a case it is probably best to accept the risk. For Oasmia this is at present the case for currency risks, for example. It is not inconceivable that certain of the foreign currencies that Oasmia's financial instruments are denominated in may develop negatively, but Oasmia's present currency exposure is so slight that the consequences are small.

In other cases, where the consequences of a negative event may be more extensive, risk management can consist of taking certain measures to try to minimize both components. Depending on the nature of the risk, these measures can be directed more at one or the other of them. In certain cases, above all where market risk is concerned, the individual company can often not influence the risk parameters at all. In those cases risk management is directed entirely at reducing the consequences of negative events. A relevant example of this for Oasmia is to choose fixed income funds with a broad and safe portfolio for the investment of temporary surplus liquidity.

Credit and liquidity risks are mainly largely governed by events that can be managed through active preventive work.

The dominant financial risks for Oasmia are financing and consequently liquidity risks, as described above. This means that most of the financial risk management work is directed at these two risks. In practice, this means that company management is constantly working on finding and developing different financing opportunities, through both creditors and owners.

### Financial instruments

Oasmia's financial instruments can be divided into the following categories:

- **Financial assets valued at fair value**
- **Loans receivable and accounts receivable**
- **Financial liabilities valued at amortized cost**

NOTE 18 (cont.) →

## NOTE 18 (CONT.) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### Financial instruments by category

### Group, April 30, 2015

| TSEK | FINANCIAL ASSETS VALUED AT FAIR VALUE | LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE | FINANCIAL LIABILITIES VALUED AT AMORTIZED COST | TOTAL |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Accounts receivable | - | 105 | - | 105 |
| Other current receivables | - | 30 | - | 30 |
| Accrued income | - | 0 | - | 0 |
| Short-term investments | 50,153 | - | - | 50,153 |
| Cash and cash equivalents | - | 26,837 | - | 26,837 |
| **Total financial assets** | **50,153** | **26,972** | **0** | **77,125** |
| | | | | |
| **Financial liabilities** | | | | |
| Borrowings | - | - | 87,000 | 87,000 |
| Liabilities to credit institutions | - | - | 20,000 | 20,000 |
| Accounts payable | - | - | 14,017 | 14,017 |
| Accrued expenses | - | - | 8,053 | 8,053 |
| **Total financial liabilities** | **0** | **0** | **129,070** | **129,070** |

### Group, April 30, 2014*

| TSEK | FINANCIAL ASSETS VALUED AT FAIR VALUE | LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE | FINANCIAL LIABILITIES VALUED AT AMORTIZED COST | TOTAL |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Accounts receivable | - | 49 | - | 49 |
| Other current receivables | - | 9 | - | 9 |
| Accrued income | - | 28 | - | 28 |
| Cash and cash equivalents | - | 48,238 | - | 48,238 |
| **Total financial assets** | **0** | **48,324** | **0** | **48,324** |
| | | | | |
| **Financial liabilities** | | | | |
| Borrowings | - | - | 105,000 | 105,000 |
| Liabilities to credit institutions | - | - | 40,000 | 40,000 |
| Accounts payable | - | - | 17,503 | 17,503 |
| Accrued expenses | - | - | 14,151 | 14,151 |
| **Total financial liabilities** | **0** | **0** | **176,654** | **176,654** |

* Comparative figures have been adjusted somewhat compared with last year's Annual Report.

## NOTE 18 (CONT.) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

### Financial assets valued at fair value

These consist of fixed income funds to the tune of TSEK 50,153 (0) that invest in safe fixed income securities and other fixed income instruments. Most of the securities in these funds mature after more than 3 months and they have therefore been reported in the Statement of Financial Position as Short-term investments.

The fixed income funds are traded in an active financial market and can be realized in one to two banking days. An official market price is made public each trading day, and this constitutes the funds' fair value.

Of the fixed income funds, TSEK 20,000 (0) are pledged (frozen) as collateral for bank loans. Please see "Liabilities to credit institutions" under the heading "Financial liabilities valued at amortized cost" below and Note 24 "Contingent liabilities and pledged assets". The changes in value during the year amounted TSEK 153 (0) and these have been reported in the Income Statement as financial income.

These fixed income funds are affected by a market price risk, which means the risk that the market value falls. However, as these funds invest in short-term securities from safe issuers, it is assessed that the market risk is low.

### Loans receivable and accounts receivable

- Cash and cash equivalents to the tune of TSEK 26,837 (48,241) consist of bank balances in Swedish commercial banks. Of this figure, TSEK 39 (21) is balances in foreign currency. These have been translated using the Swedish Riksbank's end-of-month quotation at the balance sheet date. That part of the liquid assets which are in other currencies than SEK has an underlying currency risk, which means that there is a risk that the exchange rates for these currencies develop negatively. As the absolute values are very small, it is assessed that this risk is negligible.

- Accounts receivable, Other current receivables and Accrued income, TSEK 135 (86).

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Accounts receivable | 105 | 49 | 105 | 49 |
| Other current receivables | 30 | 9 | 30 | 9 |
| Accrued income | - | 28 | - | 28 |
| **Total** | **135** | **86** | **135** | **86** |

Overdue accounts receivable amounted to TSEK 0 (49) at the balance sheet date. All accounts receivable are in SEK.

Of Other current receivables, TSEK 30 (9), TSEK 30 (0) was overdue. They fell due, however, just before the balance sheet date and have been paid after the balance sheet date. The entire amount of TSEK 30 is denominated in foreign currency.

These financial instruments are reported at amortized cost, which in this case means the value which it is estimated will be received. This value equals the fair value of these financial instruments. They are affected by a credit risk and a currency risk, but as the amounts are small and divided up among different debtors, the risk is assessed to be negligible. No provisions have been made for bad debt losses.

### Financial liabilities valued at amortized cost

In these cases amortized cost equals fair value.

- Borrowings to the tune of TSEK 87,000 (105,000) comprise a loan from Nexttobe AB, Oasmia's second largest shareholder.
  The loan carries interest of 8.5%, which is to be paid when the loan matures on December 30, 2015. During the year interest expenses for this loan amounting to TSEK 8,324 (6,458) were reported in the income statement as financial expenses. As the interest rate is fixed up until maturity, there is no interest-rate risk, but there is a liquidity risk.
  In addition to this loan, Oasmia also has a loan commitment of TSEK 40,000 (40,000) from the largest shareholder, Alceco International S.A. None of this loan commitment has been made use of.

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Loan | 87,000 | 105,000 | 87,000 | 105,000 |
| **Total** | **87,000** | **105,000** | **87,000** | **105,000** |

- Liabilities to credit institutions to the tune of TSEK 20,000 (40,000) comprise a bank loan that matures on December 30, 2015. The interest rate is tied to Stibor and there is thus both an interest-rate risk and a liquidity risk attached to this loan. During the year interest of TSEK 1,056 (665) for this loan was reported as financial expenses in the income statement.

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Bank loan | 20,000 | 40,000 | 20,000 | 40,000 |
| **Total** | **20,000** | **40,000** | **20,000** | **40,000** |

Oasmia has pledged fixed income funds amounting to TSEK 20,000 (0) as collateral for this loan, with the creditor as beneficiary. See "Financial assets valued at fair value" above.

In addition to this loan, Oasmia also has a granted but unutilized overdraft facility amounting to TSEK 5,000 (5,000). A chattel mortgage has been taken out with the bank as collateral for this overdraft facility. See Note 24 "Contingent liabilities and pledged assets".

- Accounts payable to the tune of TSEK 14,017 (17,503) and Accrued expenses and deferred income of TSEK 8,053 (14,151), in total TSEK 22,070 (31,654) comprise small liabilities to a large number of suppliers and accrued interest for the above-mentioned loan.
  Of this figure, TSEK 11,137 (12,613) is liabilities in a currency other than SEK. These involve a currency risk. In addition to this currency risk, there is also a liquidity risk attached to these liabilities.

## NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Prepaid rent | 854 | 690 | 854 | 690 |
| Prepaid leasing fees | 15 | 13 | 15 | 13 |
| Prepaid insurance premiums | 116 | 91 | 116 | 91 |
| Other prepaid expenses | 702 | 778 | 693 | 769 |
| Accrued interest income | - | 28 | - | 28 |
| **Total** | **1,687** | **1,601** | **1,678** | **1,592** |

## NOTE 20 OTHER CURRENT RECEIVABLES

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Tax account | 2 | 19 | 0 | 17 |
| VAT receivable | 2,532 | 2,697 | 2,532 | 2,696 |
| Recognized royalty revenue | 30 | - | 30 | - |
| Receivable from supplier | - | 9 | - | 9 |
| Receivable from employee | 3 | 5 | 3 | 5 |
| **Total** | **2,566** | **2,729** | **2,565** | **2,727** |

## NOTE 21 SHARE CAPITAL

Specifications of changes in equity are presented in this report for the Group immediately after the statement of financial position and for the Parent Company immediately after the balance sheet. The total number of shares as of April 30, 2015 was 97,858,144 type A (85,572,330 as of April 30, 2014) with a quota value of SEK 0.10 per share. All issued shares have been fully paid for. The development of the number of shares since May 1, 2013 is shown below.

| | NUMBER OF SHARES | SHARE CAPITAL, SEK |
|---|---|---|
| **Opening balance, May 1, 2013** | 81,772,330 | 8,177,233 |
| 2014 Private placement* | 3,800,000 | 380,000 |
| **Closing balance, Apr 30, 2014** | **85,572,330** | **8,557,233** |
| 2014 Private placement* | 2,500,000 | 250,000 |
| 2014 Rights issue | 9,785,814 | 978,581 |
| **Closing balance, Apr 30, 2015** | **97,858,144** | **9,785,814** |

*Private placement to a limited number of investors

## NOTE 22 OTHER CURRENT LIABILITIES

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Employee withholding tax/social security contributions | 1,796 | 1,594 | 1,796 | 1,594 |
| **Total** | **1,796** | **1,594** | **1,796** | **1,594** |

## NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

| | GROUP | | PARENT COMPANY | |
|---|---|---|---|---|
| TSEK | APR 30, 2015 | APR 30, 2014 | APR 30, 2015 | APR 30, 2014 |
| Accrued vacation pay | 5,895 | 5,329 | 5,895 | 5,329 |
| Accrued social security contributions on vacation liability | 1,852 | 1,674 | 1,852 | 1,674 |
| Accrued pension costs | - | 117 | - | 117 |
| Estimated accrued special employer's contribution for pension costs | 245 | 216 | 245 | 216 |
| Accrued interest expenses | 2,463 | 11,649 | 2,463 | 11,649 |
| Other accrued expenses | 4,663 | 2,502 | 4,663 | 2,502 |
| Deferred income | 927 | - | 927 | - |
| **Total** | **16,045** | **21,488** | **16,045** | **21,488** |

Deferred income of TSEK 927, the previous year reported as other non-current liabilities of TSEK 891, is attributable to a licensing and distribution agreement entered into. The agreement was entered into in May 2011 with Medison Pharma Ltd. regarding Paclical in Israel and Turkey.
Under the agreement, TEUR 100, corresponding to TSEK 927, of the TEUR 200 received as a first milestone payment, may be repaid if Oasmia does not receive market approval for Paclical in the EU before the end of 2015.

## NOTE 24 CONTINGENT LIABILITIES AND PLEDGED ASSETS

### Contingent liabilities
The Group and the Parent Company had no contingent liabilities during the period.

### Pledged assets
The Parent Company has TSEK 20,000 (0) invested in a blocked fixed income account as collateral for a bank loan in the corresponding amount. The Parent Company has taken out a chattel mortgage of TSEK 8,000 (8,000) with a bank as collateral for an overdraft facility of TSEK 5,000 (5,000) and as the limit for a foreign currency derivative of TSEK 3,000 (3,000).

## NOTE 25 TRANSACTIONS WITH RELATED PARTIES

### Group companies
The Group consists of the Parent Company Oasmia Pharmaceutical AB and the subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB. The subsidiaries are 100% owned and thus under the control of the Parent Company. For further information on the Group, please refer to Note 26 Holdings in Group companies.

### Intra-Group transactions
There has been no sale of goods between the Parent Company and the subsidiaries during the year.
Oasmia Pharmaceutical AB has contributed operating capital of TSEK 31 (40) to Qdoxx Pharma AB and TSEK 4 (2) to Oasmia Animal Health AB. Oasmia Pharmaceutical AB's debt to Qdoxx Pharma AB amounted to TSEK 116 (87) at the balance sheet date and its debt to Oasmia Animal Health AB amounted to TSEK 208 (197).

### Group contributions from Oasmia Pharmaceutical AB to the subsidiaries
During the financial year 2014/2015 Oasmia Pharmaceutical AB paid Group contributions of TSEK 60 (80) to Qdoxx Pharma AB and TSEK 15 (0) to Oasmia Animal Health AB.

### Transactions with key people in senior positions
For salaries and remuneration to the Board and senior executives, please refer to Note 10.

### Financial loan transactions with related parties
On April 30, 2015 there was a credit facility of TSEK 40,000 (40,000) available to Oasmia from Alceco International S.A., the company's largest shareholder. If the facility is utilized the interest rate is 5%. At April 30, 2015 this credit facility was completely unused, as was the case at April 30, 2014.
In the rights issue that was completed in December 2014, Nexttobe AB, the company's second largest owner, used part of the outstanding loan receivable and the accrued interest of TSEK 35,284 in total as payment for shares subscribed for. In December 2014 Oasmia paid interest of TSEK 120 to Nexttobe AB on the loan which matured on December 31, 2014.
On April 30, 2015 Oasmia had a loan from Nexttobe AB amounting to TSEK 87,000 (105,000). The loan carries interest of 8.5% during 2015, which is to be paid when the loan matures on December 30, 2015. At April 30, 2015 the accrued interest expense for the loan amounted to TSEK 2,431 (11,511).
Payment of TSEK 510 was made to Alceco International S.A. for guarantee commitments in connection with the rights issue that was completed in December 2014. This was done by offsetting this against payment for the shares allotted in its capacity of guarantor.

### Other transactions with related parties
Ardenia Investment LTD is the owner and proprietor of the patents which form the basis for the activities of the Parent Company. By an agreement between Ardenia and Oasmia, closed in 2001, the rights to these patents have been transferred to Oasmia. Oasmia has no obligation to Ardenia.

## NOTE 26 HOLDINGS IN GROUP COMPANIES

| PARENT COMPANY | REG. NO. | DOMICILE | OWNERSHIP % | VOTES % | BOOK VALUE APR 30, 2015 | BOOK VALUE APR 30, 2014 |
|---|---|---|---|---|---|---|
| Qdoxx Pharma AB | 556609-0154 | Uppsala | 100 | 100 | 100 | 100 |
| Oasmia Animal Health AB | 556519-8818 | Uppsala | 100 | 100 | 10 | 10 |
| **Total** | | | | | **110** | **110** |

| | PARENT COMPANY | |
|---|---|---|
| TSEK | MAY 1, 2014 – APR 30, 2015 | MAY 1, 2013 – APR 30, 2014 |
| Opening acquisition cost | 9,779 | 9,699 |
| Group contributions | 75 | 80 |
| **Closing accumulated acquisition cost** | **9,854** | **9,779** |
| Opening impairment | -9,669 | -9,589 |
| Impairment for the year | -75 | -80 |
| **Closing accumulated impairment** | **-9,744** | **-9,669** |
| **Closing carrying amount** | **110** | **110** |

During the financial year, impairment of shares in the subsidiary Qdoxx Pharma AB was carried out in the amount of TSEK 60 (80), and in the subsidiary Oasmia Animal Health AB in the amount of TSEK 15 (0), corresponding to the Group contributions, as the purpose of the Group contributions was to cover losses in the subsidiaries, which at present are dormant companies. The impairment losses are recognized in the Parent Company income statement under the item Income from holdings in Group companies.

## NOTE 27 KEY DEFINITIONS

| | |
|---|---|
| **Earnings per share:** | Income for the period attributable to Parent Company shareholders divided by the weighted average number of shares, before and after dilution, in the period. |
| **Equity per share:** | Equity 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 borrowing (comprising the balance sheet items Short-term and Long-term borrowings and Liabilities to credit institutions) 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 interest expenses as a percentage of the average balance sheet total. |
| **Return on equity:** | Income before taxes as a ratio of average equity. |

## SIGNING OF THE ANNUAL REPORT

The Board of Directors and Chief Executive Officer hereby provide assurance that the consolidated accounts have been presented in accordance with international financial reporting standards, IFRS, as they have been adopted by the EU, and give a true and fair view of the financial position and result of the Group. The Annual Report is presented in accordance with generally accepted accounting principles and gives a true and fair view of the financial position and result of the Parent Company. The Administration Report for the Group and Parent Company gives a true and fair view of the development of the Group's and the Parent Company's activities, position and results, and describes significant risks and uncertainty factors to which the Parent Company and the companies that are part of the Group are subject.

Income statements and balance sheets will be presented for adoption by the Annual General Meeting on September 28, 2015.

Uppsala, August 20, 2015

**JULIAN ALEKSOV**
*Board member and Chairman*

**BO CEDERSTRAND**
*Board member*

**HORST DOMDEY**
*Board member*

**HANS SUNDIN**
*Board member*

**ALEXANDER KOTSINAS**
*Board member*

**HANS LILJEBLAD**
*Board member*

**LARS BERGKVIST**
*Board member*

**MIKAEL ASP**
*CEO*

Our modified audit opinion was submitted on August 20, 2015

**ERNST & YOUNG AB**

**BJÖRN OHLSSON**
*Authorized Public Accountant*

# AUDITOR'S REPORT

## TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF OASMIA PHARMACEUTICAL AB (PUBL), CORPORATE IDENTITY NUMBER 556332-667

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Oasmia Pharmaceutical AB (publ) for the year 2014-05-01–2015-04-30, except for the corporate governance statement on pages 24-27.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 24-27. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and the statement of the financial position of the group.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to the information in the administration report which describes that the company is dependent on capital contribution or other financing to be able to continue as going concern. If the company not obtains financing as the board of directors expect there is a significant risk for the company's ability to continue as going concern.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Oasmia Pharmaceutical AB (publ) for the year 2014-05-01–2015-04-30. We have also conducted a statutory examination of the corporate governance statement.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 24-27 has been prepared in accordance with the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.
A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Uppsala August 20, 2015

**ERNST & YOUNG AB**

**BJÖRN OHLSSON**
*Authorized Public Accountant*

# FIVE-YEAR HIGHLIGHTS – GROUP

| TSEK | 2014/15 | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|---|---|---|---|---|---|
| Net sales | 2,070 | 60 | - | 891 | 106 |
| Capitalized development costs | 16,797 | 29,464 | 46,229 | 61,963 | 86,049 |
| Operating expenses | -127,313 | -132,069 | -116,336 | -128,494 | -150,778 |
| Operating income | -108,225 | -98,091 | -67,583 | -65,536 | -64,353 |
| Income after tax | -117,497 | -105,112 | -72,381 | -65,670 | -65,960 |
| Earnings per share, SEK* | -1.28 | -1.27 | -1.05 | -1.17 | -1.46 |
| Weighted average number of shares, in thousands* | 91,655 | 82,848 | 69,082 | 55,972 | 45,107 |
| Equity per share, SEK* | 3.84 | 3.27 | 3.88 | 4.67 | 5.52 |
| Equity/assets ratio, % | 73 | 60 | 70 | 76 | 92 |
| Net liability | 30,010 | 96,759 | 42,044 | 30,769 | -51,895 |
| Debt/equity ratio,% | 8 | 34 | 13 | 11 | - |
| Number of employees at year-end | 79 | 78 | 75 | 77 | 68 |

* Historical values have been recalculated taking into account capitalization issue elements in the rights issues carried out in the financial years 2010/11, 2012/13 and 2014/15.

# QUARTERLY DATA – GROUP

| TSEK | | Q1 MAY-JUL | Q2 AUG-OCT | Q3 NOV-JAN | Q4 FEB-APR | FULL YEAR MAY-APR |
|---|---|---|---|---|---|---|
| **Net sales** | 2014/15 | 994 | 558 | 482 | 36 | 2,070 |
| | 2013/14 | - | 24 | 16 | 20 | 60 |
| **Capitalized development costs** | 2014/15 | 4,501 | 5,427 | 2,670 | 4,199 | 16,797 |
| | 2013/14 | 7,286 | 8,198 | 5,613 | 8,367 | 29,464 |
| **Operating expenses** | 2014/15 | -35,937 | -30,192 | -28,699 | -32,485 | -127,313 |
| | 2013/14 | -28,570 | -25,649 | -34,189 | -43,661 | -132,069 |
| **Operating income** | 2014/15 | -30,351 | -24,145 | -25,479 | -28,250 | -108,225 |
| | 2013/14 | -16,985 | -17,374 | -28,492 | -35,239 | -98,091 |
| **Income after tax** | 2014/15 | -32,989 | -26,715 | -27,713 | -30,081 | -117,497 |
| | 2013/14 | -18,224 | -18,661 | -30,436 | -37,790 | -105,112 |
| **Earnings per share*** | 2014/15 | -0.38 | -0.30 | -0.30 | -0.31 | -1.28 |
| | 2013/14 | -0.22 | -0.23 | -0.37 | -0.45 | -1.27 |
| **Weighted average number of shares, in thousands*** | 2014/15 | 86,801 | 88,689 | 93,473 | 97,858 | 91,655 |
| | 2013/14 | 82,345 | 82,345 | 82,345 | 84,409 | 82,848 |
| **Equity per share, SEK*** | 2014/15 | 3.33 | 3.03 | 4.15 | 3.84 | 3.84 |
| | 2013/14 | 3.65 | 3.43 | 3.06 | 3.27 | 3.27 |
| **Equity/assets ratio, %** | 2014/15 | 61 | 59 | 75 | 73 | 73 |
| | 2013/14 | 69 | 68 | 59 | 60 | 60 |
| **Net liability** | 2014/15 | 86,912 | 117,865 | 1,439 | 30,010 | 30,010 |
| | 2013/14 | 66,171 | 94,149 | 126,632 | 96,759 | 96,759 |
| **Debt/equity ratio, %** | 2014/15 | 29 | 44 | 0 | 8 | 8 |
| | 2013/14 | 22 | 33 | 50 | 34 | 34 |
| **Number of employees at year-end** | 2014/15 | 75 | 75 | 79 | 79 | 79 |
| | 2013/14 | 76 | 79 | 78 | 78 | 78 |

* Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

# DICTIONARY

| | |
|---|---|
| **Chemotherapy** | Treatment of cancer using cytostatics (cytotoxins). |
| **CIS** | Commonwealth of Independent States. Consists today of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldavia, Russia, Tajikistan, and Uzbekistan. |
| **Clinical phase** | Tests of a drug candidate in humans (in a veterinary context, in animals). |
| **Clinical phase I** | During clinical development of a drug the drug is tested in humans for the first time in phase I. The efficacy and safety of the drug is studied in a limited group (25-100 people) of healthy volunteers. The compounds for treatment of cancer that Oasmia is working on constitute an important exception. These candidates are also tested on volunteers but on a patient group that has the disease concerned. |
| **Clinical phase II** | A developed study in patients (50-300 people) with the disease against which the intended drug will be used. Study of efficacy and safety. |
| **Clinical phase III** | The final phase comprises a larger patient group (300-3,000 people) and the aim is to verify the efficacy and safety and identify any previously observed side effects. |
| **Clinical phase IV** | After the market launch the finished drug is monitored, mainly with respect to rare side effect symptoms. |
| **Cytostatics** | Cytotoxins, drugs against tumour disease. |
| **Cytotoxic** | Toxic to cells. |
| **EMA** | European Medical Agency. |
| **Excipient** | Platform, carrier molecule. |
| **FDA** | Food and Drug Administration. The US drug regulator. |
| **Incidence** | Number of diagnosed cases of disease in one year. |
| **Infusion** | A route of administering a drug in liquid form. Infusion is often intravenous, i.e. the drug is administered into a vein. |
| **Lymphoma** | Lymph node cancer. |
| **Malignant melanoma** | A serious and metastasizing form of skin cancer. |
| **Mastocytoma** | A form of skin cancer. |
| **Micelle** | Spherical structures with the ability to form aggregates. |
| **MUMS** | Minor Uses / Minor species. FDA-designation that provides an incentive to develop drug candidates intended to treat rare diseases or diseases in a limited number of species. |
| **Nanometre** | One billionth of a metre. Similar in size to molecules and molecular structures. |
| **Nanoparticle** | A particle whose size is measured in nanometres, 10-9 m. |
| **NSCLC** | Non-small cell lung carcinoma. |
| **Oncology** | The branch of science dealing with tumour diseases. |
| **Orphan Drug** | Pharmaceutical for treatment of a disease with a small patient group. |
| **Paclitaxel** | The first taxane to be isolated from a yew tree. One of the most common cytostatics used today. |
| **Pharmacokinetics** | The study of the distribution and metabolism over time of a drug or other substance in the body. |
| **Pre-clinical phase** | Selection of drug candidates. The selected candidate is tested with respect to specificity, efficacy and safety. |
| **Retinoid** | Vitamin A-like acid. |
| **SME** | Small and medium enterprises. |
| **Surfactant** | Molecule consisting of one polar water-soluble component and one non-polar lipid-soluble component. |
| **Taxane** | A group of chemicals originally derived from the yew tree. The group is one of the compounds most commonly used against tumour diseases today. |
| **Taxol** | The first drug to contain paclitaxel. |
| **Toxic** | Poisonous. |
| **WHO** | World Health Organization, the UN agency for global health. |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