Invitation to subscribe for shares in Oasmia Pharmaceutical AB (publ)

AS SHAREHOLDER IN OASMIA PHARMACEUTICAL AB (PUBL) YOU WILL ALLOTTED SUBSCRIPTION RIGHTS. NOTE THAT THE SUBSCRIPTION RIGHTS MAY HAVE AN ECONOMIC VALUE.

To avoid losing the value of the subscription rights, the holder must either:

- exercise the subscription rights and subscribe for new shares no later than 5 December 2014, or
- no later than 3 December 2014 sell the received subscription rights which have not been exercised for subscription of new shares

Note that shareholders with nominee registered holdings subscribe for new shares through the nominee and that the deadline for such subscription may vary.

Note that it is also possible to subscribe for new shares without the exercise of subscription rights.

IMPORTANT INFORMATION TO INVESTORS

In connection with the rights issue of not more than 9,785,814 new shares with preferential rights for the shareholders in Oasmia (the "Company") and the admission to trading of the new shares on NASDAQ Stockholm, the Company has prepared a Swedish language prospectus and this English language translation thereof (the "prospectus"). The Swedish language prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act(1991:980). Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information is accurate or complete. In case of any discrepancy between this translation and the Swedish language prospectus, the latter shall prevail. Disputes concerning or related to the Rights Issue the contents of this prospectus, or any connected legal relation shall be settled exclusively in accordance with Swedish Law and by Swedish Courts. The district court of Stockholm (Sw: *Stockholms tingsrätt*) shall be the court of first instance.

No subscription rights, paid subscribed shares (BTA) or new shares may be exercised, subscribed for, offered, acquired or sold within the United States except in transactions exempt from, or not subject to, registration under the United States Securities Act of 1933.

The offer (with some exceptions) is not directed to residents of Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or the United States, or in any other jurisdictions where participation would require additional prospectuses, registration or other measures than those required by Swedish law. The prospectus may therefore not be distributed within or into any jurisdiction where such distribution or offering according to this prospectus requires such measures, or contrary to the rules of such jurisdiction. The subscription and acquisition of subscription rights, BTAs or new shares in violation of the above restrictions may be invalid. Persons into who's possession, this prospectus may come must inform themselves of and observe such restrictions. Actions in violation of the restrictions may constitute a violation of applicable securities laws. Oasmia reserves the right, in its sole and absolute discretion, to void any subscription that Oasmia or its agents believe may involve a violation or breach of the laws, rules or regulations of any jurisdiction.

An investment in the subscription rights, BTAs or new shares is subject to certain risks (see section "Risk Factors"). In making an investment decision, the investor must rely on their own assessment of Oasmia and the offer pursuant to this prospectus, including the present situation and risks. Before making an investment decision, prospective investors should use their own professional advisers and carefully evaluate and consider the investment decision. Investors may only rely on the information in the prospectus and any amendments made to the prospectus. No person has been authorized to give any information or make any representations other than those contained in the prospectus and, if given or made, such information or representations should not be considered as approved by Oasmia and Oasmia is not responsible for such information or statements. Neither the publication of the prospectus nor any transactions effected in respect thereof shall under any circumstances be meant to imply that the information in the prospectus is accurate at any time other than at the date of publication of the prospectus or that there has been no change in Oasmia operations after that date.

The financial advisor in relation to the Rights Issue is Carnegie and it has assisted Oasmia in the preparation of the prospectus. No representation or warranty, express or implied, is made by Carnegie as to the accuracy or completeness or verification of the information contained in the prospectus, and nothing contained in the prospectus is, or shall be relied upon as, a promise or representation by Carnegie in this respect, whether as to the past or the future. Carnegie assumes no responsibility for the accuracy, completeness or verification of the prospectus or this English translation thereof and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of the prospectus or any such statement. Information given or representations made in connection with the Rights Issue, the subscription or the sale of the subscription rights, the BTAs or the new shares that are inconsistent with those contained in the prospectus are invalid. Carnegie has no interests, financial or otherwise, in the Rights Issue except for a predetermined fee as compensation for its services.

FORWARD-LOOKING STATEMENTS AND MARKET INFORMATION

The prospectus contains various forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. Any statements that are not purely historical facts constitute such information. Furthermore, the forward-looking statements are identified by terminology including, but not limited to, terms such as "may", "will", "expect", "believe", "assume", "plan", "intend", "anticipate", "want", "estimate", "project", "target", "forecast" "seeks", "aims", "could", "should", "strives", "desires" or, in each case, the negative of such terms or other variations on such terms or comparable terminology. These forward-looking statements are only valid at the date of publication of the prospectus and the Company undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that these forward-looking statements will materialize or prove to be correct and accordingly prospective investors should not place undue reliance on these forward-looking statements.

The prospectus contains certain market and industry information from third parties. Although information has been accurately reproduced and Oasmia believes that the sources are reliable, Oasmia has not independently verified the information and therefore its accuracy and completeness cannot be guaranteed. To the knowledge of Oasmia and as far as can be confirmed through comparisons with other data published by these sources, no information has been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

Oasmia's financial statements for the financial years 1 May 2012 to 30 April 2013 and 1 May 2013 to 30 April 2014 and the quarter 1 May 2014 to 31 July 2014 is incorporated by reference and form part of the prospectus. Certain financial and other information presented in the prospectus have been rounded off to make the information more easily accessible to the reader. Consequently, the figures in some columns do not precisely match the specified total amount. Apart from the Company's audited consolidated financial statements for the financial years 1 May 2012 to 30 April 2013 and 1 May 2013 to 30 April 2014, no information in this prospectus has been audited or reviewed by the Company's auditor. Oasmia's Interim Report for the first quarter, 1 May 2014 to 31 July 2014, is therefore not audited or reviewed by auditors.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated by reference and form part of the prospectus:

1. Pages 9–45 in Oasmia's audited annual accounts for the financial year 2012/2013, including the auditor's report.
2. Pages 13–51 in Oasmia's audited annual accounts for the financial year 2013/2014, including the auditor's report.
3. Oasmia's interim report for the period 1 May – 31 July 2014.

RIGHTS ISSUE IN BRIEF

Preferential Rights

Each existing share entitles to one (1) subscription right. Nine (9) subscription rights entitle the holder to subscribe for one (1) new share. To the extent that the new shares are not subscribed for by the exercise of preferential rights, they shall be offered to shareholders and other investors for subscription.

Subscription price

SEK 18.00 per share

Subscription and payment with preferential rights

Subscription by exercise of subscription rights is done by simultaneous cash payment during the subscription period.

Trading in subscription rights

19 November 2014 – 3 December 2014

Trading in BTAs

19 November 2014 – 15 December 2014

ISIN-codes

Subscription rights:	SE0006452850
BTAs:	SE0006452868
Share:	SE0000722365

IMPORTANT DATES

Record date	18 November 2014
Subscription period	19 November 2014–5 December 2014

FINANCIAL CALENDER

Interim report for the period 1 May – 31 October 2014 will be announced on 4 December 2014.

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SUMMARY

Prospectus summaries consist of elements that must contain certain information. These elements are numbered in sections A–E (A.1–E.7). This summary contains the elements to be included in a summary for a new issue of shares with preferential rights for existing shareholders. Since some paragraphs do not have to form part of this prospectus, there are gaps in the numbering of the paragraphs. Although an item is required to be included in the current summary, relevant information concerning such items may be missing. In these cases, the summary contains a brief description of the information requirement, together with the statement "Not Applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings	• This summary should be read as an introduction to the prospectus. • Any decision to invest in securities should be based on consideration of the prospectus as a whole by the investor. • If a claim related to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated. • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities. •
A.2		• Not applicable. Financial intermediaries are not entitled to use this Prospectus for subsequent resale or final placement of securities.

SECTION B – ISSUER AND ANY WARRANTOR		
B.1	Legal and Commercial name	• The Company's registered business name and trade name is Oasmia Pharmaceutical AB.
B.2	Registered office, legal form of entity, etc.	• The Company's registered office is situated in the municipality of Stockholm and its legal form of entity is a public limited liability company. The Company is formed in Sweden and conducts its operations pursuant to Swedish legislation
B.3	Main activity	• Oasmia develops a new generation of pharmaceuticals within human and veterinary oncology. • Product development aims to produce novel formulations of well-established cytostatic, which in comparison to current alternatives show improved performance, an improved side-effect profile and an expanded therapeutic area. Product development is based on Oasmia's in-house research in nanotechnology and the Company's own patents.
B.4	Trends	• Cancer is an age-related disease and the number of patients is increasing as the population's average lifespan increases. In 2010, the global cancer market generated revenues of USD 33 billion and has an expected average annual growth of 5.7 percent during 2010–2017. One of the driving forces in the market is the development of new methods for the diagnosis of cancer, which means that the number of patients in treatable stages increases. • In the U.S. and Europe, the number of pets is growing. In addition, households are more likely to spend money on their pets, which leads to a larger share of companion animals undergoing veterinary treatment, both for cancer and other diseases. Cancer in animals is similar to cancer in humans and the risk of getting cancer increases with age. • A number of clinical trials within oncology are on-going and there is competition over patients for these trials. Companies are also noticing a price pressure as the number of

drugs whose patents are expiring increases and due to governments around the world becoming increasingly cost-conscious. The Company believes that there is some excess production capacity, to some extent as a result of mergers in the industry, which the Company believes could exert price pressure also on the production side.

- The Company conducts limited production, selling and stockpiling, and does not have expenses in such a way that any particular trend during the current financial year up to the date of the publication of this prospectus can be observed.
- During the first quarter of 2015 Russian authorities are expected to give notice on the application for marketing approval which was submitted in September 2012 for Paclical.
- The Company has in the autumn of 2014 completed the report regarding the Paclical phase III study, which will form the basis for the application for marketing approval from the EMA.
- In the second half of 2015, it is expected that the compilation of survival data from the Paclical phase III study will be finalized, which is required for an application for marketing approval from the FDA.
- During 2015 e phase II study for Doxophos Vet will be carried out, which will form the basis for the application for conditional marketing approval from the FDA.

B.5 The Group

- Oasmia is the parent company of a group of companies, which consists of three companies

B.6 Major shareholders

- The following is Oasmia's largest shareholders as of 31 October 2014, including later known changes.

OWNERSHIP

Name	Shareholding	% of votes and capital
Alceco International S.A.	34,503,272	39.2
Nexttobe AB	17,641,956	20.0
Försäkringsaktiebolaget Avanza Pension	4,102,239	4.7
Others	31,824,863	36.1
Sum	**88,072,330**	**100**

B.7

SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK '000	2014 May-July	2013 May-July	2013/14 May-April	2012/13 May-April
Net turnover	**994**	**-**	**60**	**-**
Capitalized work for own account	4,501	7,286	29,464	46,229
Other operating income	**92**	**4,299**	**4,454**	**2,524**
Operating expenses	-35,937	-28,570	-132,069	-116,336
Operating profit	**-30,351**	**-16,985**	**-98,091**	**-67,583**
Profit after tax	**-32,989**	**-18,224**	**-105,112**	**-72,381**
Profit for the period	**-32,989**	**-18,224**	**-105,112**	**-72,381**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK '000	July 31, 2014	July 31, 2013	April 30, 2014	April 30, 2013
ASSETS				
Fixed assets	418,702	390,550	414,106	383,368
Whereof tangible fixed assets	24,783	25,182	24,401	26,161
Whereof intangible fixed assets	393,917	365,365	389,704	357,206
Whereof financial fixed assets	2	2	2	2
Current assets	66,310	44,052	54,276	69,895
Whereof cash and cash equivalents	58,088	38,829	48,241	62,956
TOTAL ASSETS	**485,013**	**434,601**	**468,383**	**453,263**
EQUITY				
Share capital	8,807	8,177	8,557	8,177
Other capital contributions	687,506	573,439	640,924	573,439
Retained earnings	-400,564	-280,687	-367,574	-262,463
TOTAL EQUITY	**295,750**	**300,929**	**281,907**	**319,153**
LIABILITIES				
Non-current liabilities	891	891	891	891
Current liabilities	188,372	132,781	185,584	133,219
TOTAL LIABILITIES	**189,263**	**133,672**	**186,476**	**134,110**
TOTAL EQUITY AND LIABILITIES	**485,013**	**434,601**	**468,383**	**453,263**

SUMMARY OF CONSOLIDATED CASH FLOW

SEK '000	2014 May-July	2013 May-July	2013/14 May-April	2012/13 May-April
Cash flow from operating activities	-31,058	-15,700	-86,899	-71,946
Cash flow from investing activities	-5,927	-8,428	-35,682	-57,388
Cash flow from financing activities	46,832	-	107,865	190,263
Cash flow for the period	**9,847**	**-24,128**	**-14,716**	**60,928**
Cash and cash equivalents at beginning of period	48,241	62,956	62,956	2,028
Cash and cash equivalents at end of period	**58,088**	**38,829**	**48,241**	**62,956**

		KEY PERFORMANCE INDICATORS, CONSOLIDATED

SEK '000	2014 May-July	2013 May-July	2013/14 May-April	2012/13 May-April
Operating margin, %	neg.	neg.	neg.	neg.
Profit margin, %	neg.	neg.	neg.	neg.
Return on total capital, %	neg.	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.	neg.
Capital structure				
Equity/assets ratio,%	61	69	60	70
Net debt, SEK '000	86,912	66,171	96,759	42,044
Debt/equity ratio, %	29	22	34	13
Data per share				
Number shares at the end of period, before and after dilution, thousands	88,072	81,772	85,572	81,772
Weighted average number of shares, before and after dilution, in thousands[1)]	86,197	81,772	82,272	68,605
Earnings per share, before and after dilution, SEK[1)]	-0.38	-0.22	-1.28	-1.06
Equity per share, SEK	3.36	3.68	3.29	3.90
Dividend per share, SEK	-	-	-	-
Personnel				
Number of employees at end of period	75	76	78	75

1) Certain historical figures have been readjusted by reason of bonus issue elements in the rights issue that was made during the third quarter 2012/2013.

Definitions
Operating margin – Operating profit relative to net sales
Profit margin – Profit after financial items relative to net sales
Return on total capital – Earnings before interest expenses relative to average total assets
Return on shareholder's capital – Profit before tax relative to average equity
Equity/assets – Equity relative to total assets
Net debt – Total borrowings (containing short-term and long-term borrowings and liabilities to credit institutions) minus cash and cash equivalents
Gearing – Net debt relative to equity
Earnings per share – Net profit attributable to the shareholders relative to the weighted average number of shares, basic and diluted for the period
Equity per share – Shareholder's equity divided by the number of shares at the end of the period

Significant changes in financial condition and operating profit after 31 July 2014:

- On 30 September 2014, the Company received, according to its financial plan, a new bank loan amounting to SEK 40 million, with duration 1 October – 30 December 2014, which replaced a previous bank loan which was due for payment on 30 September 2014.

B.8	Selected pro forma accounting	• Not applicable; the prospectus does not contain pro forma accounting.
B.9	Earnings forecast	• Not applicable; the prospectus does not contain an earnings forecast or income estimate.
B.10	ia itor's qualifications	• The auditor's report in the annual financial report for 2013/14 contains a statement of particular importance and it states as follows: " Without it affecting our statements above we want to draw attention to the information given in the administration report of which it appears that the group's continued operations is dependent on it obtaining capital contribution or other form of financing. If funds would not be procured to the extent to which the board expects it to be this could mean a substantial risk for the

		company's ability to carry on operations."
B.11	Insufficient operating capital	• The Group does not have access to sufficient working capital during the next twelve months as the Group's working capital requirements exceed the current and non-current financial resources. The required working capital is estimated to slightly more than SEK 230 million during the next twelve months. The Group's access to cash and unutilized credit facilities amount to approximately SEK 72 million. Therefore, the total working capital deficit during the next twelve months amounts to slightly more than SEK 158 million. • With regard to the current liquidity, available credit facilities and the proceeds from the Rights Issue, which are expected to amount to approximately SEK 165 million after issue related costs and provided that part of the loans which mature at the year-end 2014 are extended, the Board of Directors considers that the Group has access to sufficient funding to execute the current plan during the next twelve months. The Company has a strong belief that part of the loans which mature at the year-end 2014 will be extended and that this will occur sometime in December 2014. • If the expected proceeds from the Rights Issue does not accrue as planned and part of the loans from the creditors are not extended but mature at year-end 2014, a working capital deficit will arise in the end of 2014. If the expected proceeds from the Rights Issue accrue as planned, but is used for all of the Company's obligations to its creditors, *i.e.*, that part of the loans are not extended but mature at year-end 2014, a working capital deficit will arise during spring 2015. • If a need for working capital would arise, the Group would seek out alternative financing solutions, including, firstly, renegotiating the current bank financing and/or procure new bank financing, secondly, by reduced investments and strategy review, thirdly, by raising new capital and, fourthly, by selling assets. If all of these actions would fail, Oasmia's business could be delayed or planned actions could be postponed indefinitely, which, ultimately, could lead to that the Company's business ceases in its entirety.

SECTION C – SECURITIES		
C.1	Securities offered	• Shares in Oasmia (ISIN-code SE0000722365).
C.2	Denomination	• The shares are denominated in SEK.
C.3	Total number of shares in the Company	• The Company's registered share capital amounts to SEK 8,807,233 divided among 88,072,330 shares. Each share has a quotient value of SEK 0.10. All shares are fully paid up for. Following the completion of the Rights Issue, the Company's share capital will amount to not more than SEK 9,785,814.40 divided amongst not more than 97,858,144 shares.
C.4	Rights associated with the securities	• Each share entitles to one vote at the General Meeting. All shares carry equal rights to the Company's profit and any surplus upon liquidation. Resolutions on dividends are passed by the General Meeting and paid out through Euroclear Sweden AB. Only those who are registered as a shareholder in the share register held by Euroclear Sweden AB on the record date established by the General Meeting are eligible for dividends.
C.5	Restrictions on the transferability of shares	• Not applicable; the shares are not subject to any restrictions on their transferability.
C.6	Admission to trading	• The new shares will be and the existing shares are, subject to trading on NASDAQ Stockholm and Frankfurt Stock Exchange.
C.7	Dividend policy	During the coming years Oasmia anticipates to be in a development stage of the Company's product portfolio such that any excess capital will be reinvested in the business. Due to this, the Board does not intend to propose any dividend for the current year or to commit to a fixed dividend rate. In the current situation, it is unclear if and when dividends will be provided.

SECTION D – RISKS		
D.1	Risks related to the issuer or its industry	• The Company is substantially dependent on the success of its product and product candidates, none of which may receive full regulatory approval or be successfully commercialized. The Company's near-term prospects, including its ability to finance the Company, to enter into strategic collaborations and generate revenue, are directly dependent upon on the successful development and commercialization of the Company's product and product candidates, particularly Paccal Vet® and Paclical. The Company cannot assure you that the Company will ever be able to generate sufficient revenue or any revenue from the sale of its product and product candidates. • The Company's product and product candidates may not achieve market acceptance, which would limit the Company's ability to generate revenue from new products. The Company cannot assure you that its current product and product candidates or any other planned products will achieve market acceptance and revenue, if and when they obtain the requisite regulatory approvals. • The manufacturing of the Company's product and product candidates necessitates from time to time compliance with international current Good Manufacturing Practice ("cGMP") and other international regulatory requirements. If the Company are unable to manufacture, or contract to manufacture, its product and product candidates in accordance with regulatory specifications, or if there are disruptions in the manufacturing process due to damage, loss or failure to pass regulatory inspections of manufacturing facilities, the Company may not be able to meet the demand for its products or supply sufficient product for use in clinical trials, and this may harm the Company's ability to commercialize Paccal Vet®, Paclical, and its other product candidates on a timely or cost-competitive basis, if at all. If the Company is unable to comply with manufacturing regulations, the Company may be subject to fines, unanticipated compliance expenses, recall or seizure of any approved products, or legal actions such as injunctions or criminal or civil prosecution. • The Company expects to face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than the Company does. The development and commercialization of new drug products is highly competitive. In addition to existing therapeutic treatments for the indications the Company is targeting with its product and product candidates, the Company also face potential competition from other drug candidates in development by other companies. In addition to the competition that the Company may face from products produced by other companies in general, the Company may also face competition from generic alternatives to its products. • Serious adverse events or other safety risks could require the Company to abandon development and preclude, delay or limit approval of the Company's product and product candidates, or limit the scope of any approved label or market acceptance. If any of the Company's products and product candidates, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, it could result in a number of potentially negative consequences. The Company may voluntarily suspend or terminate its clinical trials at any time. In addition, regulatory agencies, an Institutional Review Board ("IRB"), or data safety monitoring boards may at any time recommend the temporary or permanent discontinuation of the Company's clinical. • If the Company fails to obtain and sustain an adequate level of reimbursement for its products by third-party payers, sales and profitability will be adversely affected. It is unlikely that there will be a commercially viable market for Paclical or the Company's other human health care product candidates without reimbursement from third-party payers. A current trend in the health care industry is toward cost containment. In many countries, products cannot be commercially launched until reimbursement is approved. • The Company may not be successful in its efforts to expand the Company's pipeline of product candidates. Although the Company's research and development efforts to date have resulted in a number of development programs based on XR-17 technology, the Company may not ultimately be able to develop product candidates that are safe and effective. • The veterinary market the Company is seeking to enter with Paccal Vet® and its other pharmaceuticals for pets is untested. It is difficult to assess to what extent cytostatic treatment for cancer might be an accepted form for treatment by veterinarians. • For the Company's animal health products, changes in distribution channels could negatively impact the Company's market share and distribution of its animal health products. • Business interruptions could delay the Company in the process of developing its

		product and product candidates and could disrupt the Company's product sales. • Paccal Vet®, Paclical and the Company's other product candidates are manufactured and distributed using technically complex processes requiring specialized facilities, highly specific raw materials and other production constraints. The complexity of these processes, as well as the strict company and government standards for the manufacture of the Company's products, subjects the Company to production risks. • There is a high rate of failure for drug candidates proceeding trough clinical trials. The Company may suffer significant setbacks in its clinical trials even after receiving promising results in earlier trials. Even if the Company view the results of a clinical trial to be positive, regulatory authorities may disagree with the Company's interpretation of data. • Clinical trial for the Company's product candidates are expensive, time consuming, uncertain and susceptible to change, delay or termination. • The regulatory approval process is uncertain, requires the Company to utilize significant resources, and may prevent the Company or its commercial partners from obtaining approvals for the commercialization of some or all of the Company's drug candidates. Even if the Company receive regulatory approval for any of its current or future product candidates, the Company will be subject to ongoing regulatory body obligations and continued regulatory review, which may result in significant additional expense. The Company's product and any product candidates, if approved, will be subject to labelling and manufacturing requirements and could be subject to other restrictions. Failure to comply with these regulatory requirements or the occurrence of unanticipated problems with the Company's products could result in significant penalties. • If the Company fails to attract and keep senior management and key scientific personnel, the Company may be unable to successfully develop its product or its current or future product candidates, conduct its in-licensing and development efforts or commercialize its product or any of its current or future product candidates. • The Company is subject to various claims and legal actions arising in the ordinary course of its business. The Company and its partners face potential product liability exposure related to the testing of its product and product candidates in human and animal clinical trials. • The Company is exposed to risks related to currency exchange rates. The Company's financial statements are presented in SEK, changes in currency exchange rates have had and could continue to have a significant effect on the Company's operating results. • If the Company is unable to use its net operating loss and tax credit carry forward and certain built-in losses to reduce future tax payments or benefit from favourable tax legislation, the Company's business, results of operations and financial condition may be adversely affected. As of 31 July 2014, the Company had cumulative losses of SEK 437 million. These are available to carry forward and offset against future operating profits, unlimited in time. If, however, there are unexpected adverse changes in the Swedish taw law, the Company's business, results of operations and financial condition may be adversely affected. • The Company does not have a sales and marketing operation and expect to rely on the expertise and commercial skills of the Company's commercial partners to sell Paccal Vet®, Paclical, Doxophos Vet, and its other product candidates in selected territories. A failure by the Company's partners to successfully market Paccal Vet®, Paclical, Doxophos Vet and its other product candidates, or the termination of agreements with the Company's partners, would have a material adverse effect on its business, results of operations and financial condition. • The Company may be forced to litigate to enforce or defend its intellectual property rights, or the intellectual property rights of the Company's licensors. The Company may be unable to adequately prevent disclosure of trade secrets and other proprietary information. The Company may become subject to third parties' claims alleging infringement of patents and proprietary rights or seeking to invalidate the Company's patens or proprietary rights, which would be costly, time-consuming and, if successfully asserted against the Company, delay or prevent the development and commercialization of the Company's product and its current or future product candidates. If the Company's efforts to protect the proprietary nature of the intellectual property related to its product candidates or any of its current or future product candidates are not adequate, the Company may not be able to compete effectively in its market. • Changes in patent law could diminish the value of patents in general, thereby impairing the Company's ability to protect its products. Obtaining and maintaining the Company's patent protection depends on compliance with various procedural,

		document submissions, fee payments and other requirements imposed by governmental patent agencies, and the Company's patent protection could be reduced or eliminated for non-compliance with any of these requirements. • There are relationships among the Company's directors and its largest shareholders that could pose a conflict of interest. These directors may have actual or apparent conflicts of interest with respect to matters involving or affecting the Company and Alceco International S.A. and/or Nexttobe AB. • The Company have incurred significant losses since its inception. The Company expect to incur losses over the next several years and may never achieve or maintain profitability. Because of the numerous risks and uncertainties associated with pharmaceutical product development, the Company are unable to accurately predict the timing or amount of increased expenses and when, or if, the Company will be able to achieve profitability. The Company may need substantial additional funding, which may not be available to the Company on acceptable terms or at all. • If any of the risks above would materialize this could have an adverse effect on the Company's business, results of operations, financial condition and future prospects. • The description of risk factors is not exhaustive and contains only examples if such risk factors that you should take into consideration together with all other information in this Prospectus.
D.3	Risks relating to securities	• A prospective investor should be aware that an investment in shares, BTAs, and subscription rights in the Company is associated with a high level of risk and that there is no guarantee that the share price will develop favourably. In addition to Oasmia's earnings, the share price is dependent on several other factors that Oasmia cannot influence such as the economic climate in general, market interest rates, capital flows, political instability and market behaviour. Furthermore, the liquidity of Oasmia's shares on NASDAQ Stockholm and Frankfurt Stock Exchange has been limited. • If a shareholder does not sell his/her subscription rights by 3 December 2014, or does not exercise their subscription rights by making payment by 5 December 2014, the shareholder's subscription rights will be forfeited without value or compensation. Subscription rights holders and financial intermediaries must therefore ensure that they follow all of the instructions for exercising subscription rights in the "Terms and Instructions". If a shareholder does not exercise his or her subscription rights, his or her proportional ownership and percentage of voting rights in the Company will be reduced by the corresponding amount. • Oasmia may in the future decide to issue shares to raise capital. Any such additional issue could reduce the proportional ownership and percentage of voting rights for the Company's shareholders as well as the earnings per share in the Company, and any new share issue could have a negative impact on the market price of the shares. • Subscription rights will be traded on NASDAQ Stockholm during the period from and including 19 November 2014 up to and including 3 December 2014. There is no guarantee that subscription rights will be traded actively or that it will be possible to achieve liquid trading during this period. • Certain existing shareholders of Oasmia, Alceco International S.A., Nexttobe AB and SSE Opportunities Limited, have committed to subscribe for their respective *pro rata* shares in the Rights Issue (Nexttobe AB trough setoff against the corresponding credit amount left to the Company) and Alceco International S.A. and SSE Opportunities Limited have also undertaken to subscribe for the remaining part of the Rights Issue through a guarantee commitment, see section "Legal and supplementary information – Subscription and guarantee commitment" below. These subscription and guarantee commitments are not secured. Consequently, there is a risk that one or all of Alceco International S.A., Nexttobe AB and SSE opportunities Limited will not be able to meet their respective subscription and guarantee commitments. • Oasmia has never paid any dividends (other than reimbursement of shareholder contributions to Oasmia S.A.[1] in 2007). As Oasmia will, over the next few years, be in a phase where the Company's product portfolio is being developed, any surplus capital will be invested in the business. Due to this, the Board does not intend to propose any dividend for the current year or to commit to a fixed dividend rate. • Some of Oasmia's shareholders, who are domiciled in or have an address that is registered in certain jurisdictions outside Sweden may be prevented from exercising their preferential right for the Oasmia shares that they own in future share issues, unless

[1] Oasmia S.A. is the former name for Alceco International S.A.

		registration or a similar measure according to the laws in the respective jurisdiction has been implemented for such shares or unless an exception is made from the registration requirement or similar requirement under the applicable laws in the respective jurisdiction. • Alceco International S.A.'s shareholding, at the date of this prospectus, is approximately 39.2 percent of the shares in Oasmia. Nexttobe AB's shareholding, at the date of this prospectus, is approximately 20.0 percent of the shares in Oasmia. Alceco International S.A. and Nexttobe AB can thus, both before and after the Rights Issue, exercise significant influence over all matters requiring shareholder approval, and may be able to prevent a change in control or take other measures that may benefit Alceco International S.A. or Nexttobe AB but can be disadvantageous to other shareholders, both before and after the Rights Issue. In addition, a sale of a large number of shares by Alceco and/or Nexttobe AB within a short period of time, cause a reduction in the Company's share price.

SECTION E – THE OFFER		
E.1	Issue proceeds and issue costs	• The Rights Issue will raise Oasmia not more than approximately SEK 176 million before issue related costs. From the issue proceeds, deductions for issue related expenses are estimated at nearly SEK 11 million.
E.2a	Motives and use of proceeds	• The proceeds from the Rights Issue will be used for costs in relation to the registration of Paccal Vet® and Paclical, costs in connection to the ramp-up of production facilities, continued clinical studies and costs for obligations to the Company's creditors. • The management and the Board of Directors are of the opinion that Oasmia's current financial assets are insufficient to realize the Company's full potential. Accordingly, the Board of Directors has decided to implement the Rights Issue, which will provide the Company with approximately SEK 165 million, after issue related costs.
E.3	Offer terms and instructions	• The Board of Directors of Oasmia decided on10 November 2014, by virtue of the authorization from the General Meeting on 29 September 2014, to carry out a new share issue with preferential rights for the Company's shareholders. The resolution of the Board of Directors means that Oasmia's share capital will increase by a maximum of SEK 978,581.4 by issuing a maximum of 9,785,814 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in proportion to the number of shares held. The record date for participation in the Rights Issue is 18 November 2014. Each existing share entitles to one (1) subscription right. Nine (9) subscription rights entitle the holder to subscribe for one (1) new share. In the event that not all new shares are subscribed for by the exercise of subscription rights, the Board of Directors owns the right to, within the maximum amount allowed within the Rights Issue, allocate shares to those who have subscribed for shares without the exercise of subscription rights. Subscription shall take place during the period from 19 November 2014 to 5 December 2014, or a later date as determined by the Board of Directors. The subscription price has been set at SEK 18.00] per share.
E.4	Issues relevant to the offer	• The Company's largest shareholder Alceco International S.A., which holds approximately 39.2 percent of the share capital and votes, and the Company's second largest shareholder, Nexttobe AB, which holds approximately 20.0 percent of the share capital and votes as well as SSE Opportunities Limited, which holds approximately 2.8 percent of the share capitals and votes, have committed to subscribe for their *pro rata* shares in the Rights Issue (Nexttobe AB trough setoff against the corresponding credit amount left to the Company). This corresponds to approximately SEK 109 million and 62 percent of the total proceeds of the Rights Issue. • Alceco International S.A. and SSE Opportunities Limited have also undertaken to subscribe and pay for any remaining portion of the Rights Issue not covered by the commitments referred to above and which are also not subscribed for with or without preferential rights. Any such remaining portion comprises a maximum of approximately SEK 67 million, corresponding to approximately 38 percent of the Rights Issue. • According to the agreements described above, the Rights Issue is, thus, fully covered by subscription and guarantee commitments. For the guarantee commitments, Alceco International S.A. and SSE Opportunities Limited will receive compensation amounting to 3 percent of the guaranteed amount (excluding any VAT). • Certain members of the Board of Directors and senior management have economic interests, by shareholdings in the Company. This includes Julian Aleksov and Bo Cederstrand who are shareholders in Alceco International S.A, which is guaranteeing

		parts of the Rights Issue and, in addition, is the Company's largest shareholder and issuer of a credit facility to the Company. Alexander Kotsinas is employed by Nexttobe AB which is the Company's second largest shareholder and largest creditor to the Company. Anders Blom, member of the Company's executive management, is also CEO of Nexttobe AB.
E.5	Lock up agreements	• Alceco International S.A., Nexttobe AB and SSE Opportunities Limited have committed to, against Carnegie, not reduce their holdings in Oasmia from and including 10 November 2014, when their subscription- and guarantee commitments were entered into, up to and including the day of the announcement of the outcome of the Rights Issue. Carnegie may in writing afford an exception from this commitment.
E.6	Dilution	• The Rights Issue will, if fully subscribed, increase the number of shares of the Company from 88,072,330 to 97,858,144 shares, representing an increase of approximately 11 percent. Shareholders who refrain from subscribing for shares in the Rights Issue will be affected by a share dilution of not more than 9,785,814 new shares, which corresponds to not more than approximately 10 percent of the total shares in the Company after the Rights Issue.
E.7	Costs imposed on investors	• Not applicable; the issuer does not impose any costs on the investors.

Risk factors

An investment in subscription rights, BTAs and/or shares is associated with various risks. A number of factors outside of Oasmia's control, as well as a number of factors affected by Oasmia's conduct, could directly or indirectly have a negative impact on the Company's operations, performance and financial condition or cause the value of the company's shares, BTAs and subscription rights to decrease. Oasmia's operations and profitability are affected by both operational and financial risks. The following reported risks are not placed in order of priority and should not be construed to be comprehensive. This means that there are additional risks that may affect the business and results of Oasmia. In addition to the information revealed in the prospectus, every investor should make their own assessment of each risk factor and its potential impact on the Company's future development as well as an assessment of general conditions, including market conditions and world events. This prospectus contains forward-looking statements which are dependent on future events, risks and uncertainty factors. The actual results of the Company may differ significantly from the results projected in the forward-looking statements owing to many different factors, including, but not limited to, the risks described below and in other parts of the prospectus.

RISK RELATED TO THE ISSUER OR THE INDUSTRY

Risks Related to The Company's Product and Product Candidates

The Company is substantially dependent on the success of its product and product candidates, none of which may receive full regulatory approval or be successfully commercialized.

None of the Company's product candidates has been approved for full commercial distribution, and only one of the Company's product candidates has been approved for conditional commercial distribution. To date, the Company has invested nearly all of its resources in the research and development of its products which, as of the date of this Prospectus, consist of Paccal Vet® for cancer in dogs, and the Company's product candidates which, as of the date of this Prospectus, consist of Paclical for ovarian cancer and other cancers in humans, Docecal for breast cancer in humans, Doxophos Vet for lymphoma in dogs, Doxophos for breast cancer and other cancers in humans, and OAS-19 for various cancers in humans. The Company's near-term prospects, including the Company's ability to finance its company and to enter into strategic collaborations and generate revenue, are directly dependent upon on the successful development and commercialization of the Company's product and product candidates, particularly Paccal Vet® and Paclical.

The development and commercial success of the Company's product and product candidates will depend on a number of factors, including, but not limited to, the following:

- timely initiation and successful completion of preclinical studies and clinical trials for the Company's product candidates;
- demonstration to the satisfaction of the FDA, the EMA and other applicable regulatory authorities the safety and efficacy of the Company's product and product candidates to obtain regulatory and marketing approval for the Company's product and product candidates in the U.S., Europe and elsewhere;
- continued compliance with all clinical and regulatory requirements applicable to the Company's product and product candidates;
- maintenance of an acceptable safety profile of the Company's products following regulatory approval;
- competition with other treatments methods;
- creation, maintenance and protection of the Company's intellectual property portfolio, including patents and trade secrets, and regulatory exclusivity for the Company's product and product candidates;
- effectiveness of the Company's and the Company's partners' marketing, sales and distribution strategy and operations;
- ability of the Company's third-party manufacturers to manufacture supplies of its product and product candidates and to develop, validate and maintain commercially viable manufacturing processes;
- ability to launch commercial sales of the Company's product and product candidates following regulatory approval, whether alone or in collaboration with others;
- acceptance of the Company's animal health product and product candidates by veterinarians, pet owners and the animal health community; and
- acceptance of the Company's human health product candidates from physicians, third party payers, patients and the medical community.

Many of these factors lie beyond the Company's control, and the Company cannot assure you that it will ever be able to generate sufficient revenue from the sale of its product and product candidates. The Company's failure in any of the above factors or in successfully commercializing one or more of its product and product candidates, or any significant delay in doing so, could have a material adverse effect on the Company's business, results of operations and financial condition, and the value of an investment could substantially decline.

The Company's product and product candidates may not achieve market acceptance, which could limit the Company's ability to generate revenue from new products.

Even if the Company develops its product and product candidates and gains regulatory approvals for its products, unless veterinarians, physicians, and patients accept its products, the Company may not be able to sell its products and generate significant revenue. The Company cannot assure you that its current product and product candidates or any other planned products will achieve market acceptance and revenue if and when they obtain the requisite regulatory approvals. Market acceptance of any product depends on a number of factors, including but not limited to:

- the indication and warnings approved by regulatory authorities in the product label;
- continued demonstration of efficacy and safety in commercial use;
- physicians' or veterinarians' willingness to prescribe the product to patients;
- reimbursement from third-party payers such as government health care systems and insurance companies;
- the price of the product, including pet owners' willingness to pay for treatment;
- the nature of any post-approval risk management plans mandated by regulatory authorities;
- competition; and
- the effectiveness of marketing and distribution support.

Any failure by the Company's product and product candidates to achieve market acceptance or commercial success could have a material adverse effect on the Company's business, results of operations and financial condition.

Problems in the Company's manufacturing process, failure to comply with manufacturing regulations or unexpected increases in its manufacturing costs could harm the Company's business, results of operations and financial condition.

The Company is responsible for the manufacture and supply of Paccal Vet®, Paclical, and its other product candidates for its commercial partners and for use in clinical trials. The manufacturing of the Company's product and product candidates necessitates compliance with international current Good Manufacturing Practice ("cGMP") and other international regulatory requirements. Although the Company contracts with third parties such as Baxter Oncology GmbH for a certain amount of the manufacturing of Paccal Vet®, Paclical and the Company's other product candidates, the market authorization for Paccal Vet® and Paclical remains with the Company. As such, even if the Company could potentially have a claim against one or more third parties, the Company is legally liable for any noncompliance related to Paccal Vet® and Paclical and the Company expects to retain legal responsibility for future product candidates as well.

If the Company is unable to manufacture, or contract to manufacture, its product and product candidates in accordance with regulatory specifications, or if there are disruptions in the manufacturing process due to damage, loss or failure to pass regulatory inspections of manufacturing facilities, the Company may not be able to meet the demand for its products or supply sufficient product for use in clinical trials, and this may harm the Company's ability to commercialize Paccal Vet®, Paclical, and its other product candidates on a timely and cost-competitive basis, if at all. In addition, the Company is in the process of expanding and changing parts of its manufacturing facilities in order to meet future demand and regulatory requirements, a program which requires significant time and resources. The Company also expects to expand and upgrade other parts of its manufacturing facilities in the future. These activities may lead to delays, interruptions in supply, or may prove to be more costly than anticipated. Any problems in the Company's manufacturing process could have a material adverse effect on its business, results of operations and financial condition.

In addition, under its license agreements, the Company expects to generate revenue from the supply of commercial products to its partners at a fixed percentage of its cost of goods sold, and thus any increases in its manufacturing costs could adversely affect the Company's margins and its financial condition.

Before the Company can begin commercial manufacture of Paccal Vet®, Paclical or its other product candidates for sale in the U.S., the Company must obtain FDA regulatory approval for the product, which requires a successful FDA inspection of the Company's manufacturing facilities, processes and quality systems in addition to other product-related approvals. Though the Company successfully passed an FDA Pre-Approval Inspection of its manufacturing facility in Uppsala, Sweden, the Company's pharmaceutical facilities are continuously subject to inspection by the FDA and other regulatory authorities, even after product approval.

Due to the complexity of the processes used to manufacture its product and product candidates, the Company may be unable to initially or continue to pass federal, state or international regulatory inspections in a cost effective manner. If the Company is unable to comply with manufacturing regulations, the Company may be subject to fines, unanticipated compliance expenses, recall or seizure of any approved products, or legal actions such as injunctions or criminal or civil prosecution. These possible sanctions could materially adversely affect the Company's business, results of operations and financial condition. The

regulatory approval process is uncertain, requires the Company to utilize significant resources, and may prevent the Company or its commercial partners from obtaining approvals for the commercialization of some or all of its product candidates."

The Company expects to face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than the Company does.

The development and commercialization of new drug products is highly competitive. The Company faces competition with respect to its current product and product candidates, and will face competition with respect to any product candidates that the Company may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. In addition to existing therapeutic treatments for the indications the Company is targeting with its product and product candidates, the Company also faces potential competition from other drug candidates in development by other companies. The Company's potential competitors include large health care companies, such as Merck & Co., Inc., Sanofi S.A., Eli Lilly and Company, Bayer AG, Novartis AG and Boehringer Ingelheim GmbH. Each of these companies also has a presence in animal health. The Company also knows of several smaller early stage companies that are developing products for use in the animal or human health oncology products market. The Company expects that Paccal Vet® and Doxophos Vet will face competition from Palladia, made by Zoetis, Inc., Masivet, made by AB Science S.A., and AT-004 and AT-005, made by Aratana Therapeutics, Inc. The Company may also face competition from generic medicines and products approved for use in humans that are used off-label (i.e. the use of a pharmaceutical outside its approved indication) for pets. Some of the potential competitive compounds referred to above are being developed by large, well-financed and experienced pharmaceutical and biotechnology companies or have been partnered with such companies, which may give them development, regulatory and marketing advantages over the Company's products.

The Company's commercial opportunity could be reduced or eliminated if the Company's competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that the Company may develop. The Company's competitors also may obtain regulatory approval for their products more rapidly than the Company may obtain approval for its, which could result in the Company's competitors establishing a strong market position before the Company is able to enter the market. In addition, the Company's ability to compete may be affected in many cases by insurers or other third-party payers seeking to encourage the use of generic products. Generic products are currently on the market for the indications that the Company's products are pursuing. If its product candidates achieve marketing approval, the Company expects that they will be priced at a significant premium over competing generic products.

Some of the companies against which the Company is competing or against which it may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than the Company does. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of the Company's competitors. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with the Company in recruiting and retaining qualified scientific and administrative personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the Company's programs.

If the Company is unable to compete successfully, it may be unable to grow and sustain its revenue, which could materially adversely affect its business, results of operations and financial condition.

Generic products may be viewed as more cost-effective than the Company's products.

In addition to the competition that the Company may face from products produced by other companies in general, the Company may also face competition from generic alternatives to its products. For example, Paclical is expected to compete with the generic form of Taxol. Generic alternatives are generally less expensive, and competitors who market generic drugs are becoming more aggressive in terms of pricing. As a consequence, generic products are an increasing percentage of both overall human and animal health sales in certain regions. If human and animal health care customers increase their use of new or existing generic products, or if the Company is unable to compete with existing generic products, its business, results of operations and financial condition could be materially adversely affected.

Serious adverse side effects or other safety risks could require the Company to abandon development and preclude, delay or limit approval of the Company's product and product candidates, or limit the scope of any approved label or market acceptance.

If Paccal Vet®, (including Paccal Vet® -CA1) Paclical, or any of the Company's other product candidates, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- regulatory authorities may interrupt, delay or halt clinical trials;

- regulatory authorities may deny regulatory approval of the Company's product candidates;
- regulatory authorities may require certain labelling statements, such as warnings or contraindications or limitations on the indications for use, or impose restrictions on distribution in the form of a Risk Evaluation and Mitigation Strategy ("REMS"), in connection with approval;
- regulatory authorities may withdraw their approval, require more onerous labelling statements or impose a more restrictive REMS of any product that is approved;
- the Company may be required to change the way the product is administered or conduct additional clinical trials;
- the Company's relationships with its commercial partners may suffer;
- the Company could be sued and held liable for harm caused to patients; or
- the Company's reputation may suffer.

The Company may voluntarily suspend or terminate its clinical trials if at any time the Company believes that they present an unacceptable risk to participants or if preliminary data demonstrate that the Company's product and product candidates are unlikely to receive regulatory approval or are unlikely to be successfully commercialized. In addition, regulatory agencies, an Institutional Review Board ("IRB"), or data safety monitoring boards may at any time recommend the temporary or permanent discontinuation of the Company's clinical trials or request that the Company ceases using investigators in the clinical trials if they find that the clinical trials are not being conducted in accordance with applicable regulatory requirements, or that they present an unacceptable safety risk to participants. Although the Company has never been asked by a regulatory agency, IRB or data safety monitoring board to temporarily or permanently discontinue a clinical trial, if the Company elects or is forced to suspend or terminate a clinical trial of Paccal Vet®, Paclical or any of the Company's other product candidates, the commercial prospects for that product will be harmed and the Company's ability to generate product revenue from that product may be delayed or eliminated. Furthermore, any of these events could prevent the Company or its partners from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing the Company's product and product candidates and materially impair the Company's ability to generate revenue from the commercialization of these products either by the Company or by its commercial partners and could have a material adverse effect on the Company's business, results of operations and financial condition.

If the Company fails to obtain and sustain an adequate level of reimbursement for its products by third-party payers, sales and profitability will be adversely affected.

The course of medical treatment for patients is, and will continue to be, expensive. The Company expects that most patients and their families will not be capable of paying for the Company's products themselves. Accordingly, it is unlikely that there will be a commercially viable market for Paclical or the Company's other human health care products and product candidates without reimbursement from third-party payers. Additionally, even if there is a commercially viable market, if the level of third-party reimbursement is insufficient from the patient's perspective, the Company's revenue and gross margins will be adversely affected.

The Company experiences that a current trend in the U.S. health care industry, as well as in other countries around the world, is toward cost containment. Large public and private payers, managed care organizations, group purchasing organizations and similar organizations are exerting increasing influence on decisions regarding the use of, and reimbursement levels for, particular treatments. Third-party payers, such as government programs, including Medicare in the U.S. and private health care insurers, carefully review and have increasingly been challenging the coverage of, and prices charged for, medical products and services. Many third-party payers limit coverage of or reimbursement for newly-approved health care products. Reimbursement rates from private health insurance companies vary depending on the company, the insurance plan and other factors. Cost-control initiatives could decrease the price the Company or its partners establish for products, which could result in lower product revenue and profitability.

Reimbursement systems in international markets vary significantly by country and by region, and reimbursement approvals must be obtained on a country-by-country basis. The Company's partners may elect to reduce the price of its products in order to increase the likelihood of obtaining reimbursement approvals.

In many countries, products cannot be commercially launched until reimbursement is approved and the negotiation process in some countries can exceed 12 months. In addition, pricing and reimbursement decisions in certain countries can be affected by decisions taken in other countries, which can lead to mandatory price reductions and/or additional reimbursement restrictions across a number of other countries, which may thereby adversely affect the Company's sales and profitability. If countries set prices that are not sufficient to allow the Company or its partners to generate a profit, the Company's partners may refuse to launch the product in such countries or withdraw the product from the market, which would adversely affect the Company's sales and profitability and could materially adversely affect the Company's business, results of operations and financial condition.

The Company may not be successful in its efforts to expand its pipeline of product candidates.

One element of the Company's strategy is to expand its pipeline of pharmaceuticals based on its XR-17 technology and advance these product candidates through clinical development for the treatment of a

variety of indications. Although the Company's research and development efforts to date have resulted in a number of development programs based on XR-17 technology, the Company may not ultimately be able to develop product candidates that are safe and effective. Even if the Company is successful in continuing to expand its pipeline, the potential product candidates that the Company identifies may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. In addition, if the Company attempts to apply XR-17 technology to develop product candidates for indications outside of cancer, the Company will need to conduct genotoxicity, carcinogenicity and immunotoxicity trials, in which the results may be uncertain. If the Company does not successfully develop and commercialize product candidates based upon its technological approach, the Company will not be able to obtain product revenue in future periods, which would make it unlikely that it would ever achieve profitability.

The veterinary market the Company is seeking to enter with Paccal Vet® and its other pharmaceutical for pets is untested.

The market for cancer drugs for dogs is nascent and changing. Consequently, it is difficult to assess to what extent cytostatic treatment for cancer might be an accepted form of treatment by veterinarians, which complicates both the estimate of the market size as well as the Company's share thereof. If a market does not develop, or the Company's share thereof is not meaningful, it could have a material adverse effect on the Company's business, results of operations and financial condition.

For the Company's animal health products, changes in distribution channels could negatively impact the Company's market share and distribution of its animal health products.

Since the Company's animal health product and product candidates are designed to be given intravenously by veterinarians, pet owners will not be able to obtain the Company's products via pharmacies or via the internet. Increasingly, pet owners purchase animal health products from sources other than veterinarians, such as internet-based retailers, "big-box" retail stores or other over-the-counter distribution channels. This trend has been demonstrated by the significant shift away from the veterinarian distribution channel in the sale of parasiticides and vaccines in recent years.

Pet owners also could decrease their reliance on, and visits to, veterinarians as they rely more on internet-based animal health information. Because the Company expects to market its animal health products through the veterinarian distribution channel, any decrease in visits to veterinarians by pet owners could reduce the Company's market share for such products and materially adversely affect the Company's operating results and financial condition.

Business interruptions could delay the Company in the process of developing its product and product candidates and could disrupt its product sales.

Loss of the Company's manufacturing facilities, stored inventory or laboratory facilities through accidents, fire or other causes could have an adverse effect on the Company's ability to meet demand for its products, to continue product development activities and to conduct its business. Failure to supply the Company's partners with commercial product may lead to adverse consequences, including the right of certain partners to take over responsibility for product supply. The Company has insurance coverage to compensate it for such business interruptions, but should such coverage prove insufficient to fully compensate the Company for damage to its business resulting from any significant property or casualty loss to its inventory or facilities, it could have a material adverse effect on the Company's business, results of operations and financial condition.

Product recalls or inventory losses caused by unforeseen events, cold chain interruption and testing difficulties may adversely affect the Company's operating results and financial condition.

Paccal Vet®, Paclical and the Company's other product candidates are manufactured and distributed using technically complex processes requiring specialized facilities, highly specific raw materials and other production constraints. The complexity of these processes, as well as the strict company and government standards for the manufacture of the Company's products, subjects the Company to production risks. While product batches released for use in clinical trials or for commercialization undergo sample testing, some defects may only be identified following product release. In addition, process deviations or unanticipated effects of approved process changes may result in these intermediate products not complying with stability requirements or specifications. Most of the Company's products must be stored and transported at temperatures within a certain range, which is known as "strict cold chain" storage and transportation. If these environmental conditions deviate, the Company's products' remaining shelf lives could be impaired or their efficacy and safety could become adversely affected, making them no longer suitable for use. The occurrence or suspected occurrence of production and distribution difficulties can lead to lost inventories, and in some cases product recalls, with consequential reputational damage and the risk of product liability. The investigation and remediation of any identified problems can cause production delays, substantial expense, lost sales and delays of new product launches, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Related to Development and Regulatory Approval of The Company's Product and Product Candidates

There is a high rate of failure for drug candidates proceeding through clinical trials.

Generally, there is a high rate of failure for drug candidates proceeding through clinical trials. The Company may suffer significant setbacks in its clinical trials similar to the experience of a number of other companies in the pharmaceutical and biotechnology industries, even after receiving promising results in earlier trials. Further, even if the Company views the results of a clinical trial to be positive, regulatory authorities may disagree with the Company's interpretation of the data. For instance, because a large percentage of subjects in the Company's pivotal trials for Paccal Vet®, Paclical, and the Company's other product candidates in cancer treatment are being enrolled at sites outside the U.S., differences in efficacy results between U.S. and non-U.S. sites could cause the FDA to require additional trials. In the event that:

- the Company obtains negative results from the Paccal Vet® or Paclical Phase III trials,
- the Company receives poor clinical results for its other product candidates,
- regulatory authorities places a clinical hold on the Company's Phase III trials due to potential chemistry, manufacturing and controls issues or other hurdles, or
- the FDA does not approve the Company's New Animal Drug Application ("NADA") for Paccal Vet® or the Company's New Drug Application ("NDA") for Paclical or for the Company's other product candidates,

then:

- the Company may not be able to generate sufficient revenue or obtain financing to continue its operations,
- the Company's ability to execute on its current business plan will be materially impaired,
- the Company's reputation in the industry and in the investment community would likely be significantly damaged, and
- the price of the ADSs would likely decrease significantly.

Any of these results could materially adversely affect the Company's business, results of operations or financial condition.

Clinical trials for the Company's product candidates are expensive, time consuming, uncertain and susceptible to change, delay or termination.

Clinical trials are expensive, time consuming and difficult to design and implement. The result of a clinical trial may be undesirable and can result in a clinical trial cancellation or the need for re-evaluation and supplementation. Even if the results of the Company's clinical trials are favourable, the clinical trials for a number of its product candidates are expected to continue for several years and may even take significantly longer to complete. In addition, the Company, the FDA, an IRB, or other regulatory authorities, including in the EU and elsewhere, may suspend, delay or terminate the Company's clinical trials at any time, for various reasons, including:

- lack of effectiveness of any product candidate during clinical trials;
- discovery of serious or unexpected toxicities or side effects or other safety issues;
- slow rate of subject recruitment and enrolment rates in clinical trials;
- difficulty in retaining subjects who have initiated a clinical trial but may have withdrawn due to adverse side effects from the therapy, insufficient efficacy, fatigue with the clinical trial process or for any other reason;
- delays or inability in manufacturing or obtaining sufficient quantities of materials for use in clinical trials due to manufacturing or regulatory constraints;
- inadequacy of or changes in the Company's manufacturing process or product formulation;
- changes in applicable regulatory policies and regulations;
- delays or failure in reaching agreement on acceptable terms in clinical trial contracts or protocols with prospective clinical trial sites;
- delay or failure to supply product for use in clinical trials which conforms to regulatory specification;
- unfavourable results from ongoing pre-clinical studies and clinical trials;
- failure of the Company's contract research organizations ("CROs"), or other third-party contractors to comply with all contractual requirements or to perform their services in a timely or acceptable manner;
- failure by the Company, its employees, its CROs or their employees to comply with all applicable FDA or other regulatory requirements relating to the conduct of clinical trials;
- scheduling conflicts with participating clinicians and clinical institutions;
- failure to design appropriate clinical trial protocols; or
- regulatory concerns with pharmaceutical products generally and the potential for abuse.

Any of the foregoing could have a material adverse effect on the Company's business, results of operations and financial condition.

The regulatory approval process is uncertain, requires the Company to utilize significant resources, and may prevent the Company or its commercial partners from obtaining approvals for the commercialization of some or all of the Company's product candidates.

The research, testing, manufacturing, labelling, approval, sale, marketing and testing of the Company's product and product candidates are subject to extensive regulation by regulatory authorities and regulatory requirements applicable to the Company's product and product candidates differ from country to country. Neither the Company nor any commercial partner is permitted to market any of the Company's current or future product candidates in the U.S. until the Company receives approval from the FDA of an NADA for its animal oncology products or an NDA for its human health products. The Company received conditional approval for Paccal Vet® from the FDA in February 2014, which will require additional follow-up efficacy studies for full approval, but have yet to receive any type of approval for any of the Company's other current product candidates. Obtaining approval of either an NADA or an NDA can be an uncertain process that requires the Company to utilize significant resources. Furthermore, regulatory authorities possess broad discretion regarding processing time and usually request additional information and raise questions which have to be answered. There is considerable uncertainty regarding the times at which products may be approved. In addition, failure to comply with regulatory requirements may subject the Company to administrative or judicially imposed sanctions, including: warning letters, civil and criminal penalties, injunctions, withdrawal of approved products from the market, product seizure or detention, product recalls, total or partial suspension of production, and refusal to approve pending applications or supplements to approved applications.

The process required by the FDA and most regulatory authorities before human health care pharmaceuticals may be marketed generally involves (i) nonclinical laboratory and animal tests; (ii) submission of an Investigational New Drug ("IND") application, which must become approved before clinical trials may begin; (iii) adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed drug for its intended use or uses; (iv) pre-approval inspection of manufacturing facilities and clinical trial sites; (v) and regulatory approval of an NDA or anything similar, which must occur before a drug can be marketed or sold.

In order to gain approval to market a pet therapeutic for a particular species of pet, the Company must provide regulatory authorities with data from animal safety and effectiveness studies that adequately demonstrate the safety and efficacy of that product in the target animal for the intended indication applied for in the NADA or other regulatory filing. Conditional approval is available under the FDA Minor Use and Minor Species ("MUMS") designation, which gives the sponsor the right to promote a product before all of the efficacy data necessary for full approval are available. If approved, this provides the sponsor with seven years of market exclusivity. Even for conditional approval, the development of animal health products is a lengthy, expensive and uncertain process, and delay or failure can occur at any stage of any of the Company's development efforts. Success in prior target animal studies or even in the treatment of human beings with a product candidate does not ensure that the Company's studies will be successful and the results of development efforts by other parties may not be indicative of the results of the Company's studies and other development efforts.

Regulatory approval of an NADA or an NDA, or any supplements of either, is not guaranteed, and the approval process requires the Company to utilize significant resources, could take several years, and is subject to the discretion of regulatory authorities. Despite the time and expense exerted, failure can occur at any stage, and the Company could encounter problems that cause it to abandon or have to repeat or perform additional studies. If the Company's product or any of its current or future product candidates fails to demonstrate safety and efficacy in the Company's studies, or for any other reason does not gain regulatory approval, the Company's business and results of operations will be materially and adversely harmed.

In addition, separate regulatory approvals are required in order to market any product in many jurisdictions, including the U.S., the European Economic Area, which consists of the 27 Member States of the European Union plus Norway, Iceland and Liechtenstein, and many others. Approval procedures vary among countries and can involve additional studies and testing, and the time required to obtain approval may differ. Studies conducted in one country may not be accepted by regulatory authorities in other countries. Approval by a regulatory authority does not ensure approval by regulatory authorities in other countries. However, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. The Company may be unable to file for regulatory approvals or to do so in a timely basis and, even if the Company is able to, the Company may not receive necessary approvals to commercialize its products in any market. Any of these results could have a material adverse effect on the Company's business, results of operations and financial condition.

Even if the Company receives regulatory approval for any of its current or future product candidates, the Company will be subject to ongoing regulatory body obligations and continued regulatory review, which may result in significant additional expense. Additionally, the Company's product and any product candidates, if approved, will be subject to labelling and manufacturing requirements and could be subject to other restrictions. Failure to comply with these regulatory requirements or the occurrence of unanticipated problems with the Company's products could result in significant penalties.

Any regulatory approvals that the Company or any of its collaborators receive for any of its current or future product candidates may be subject to conditions of approval or limitations on the approved indicated uses for which the product may be marketed, or may contain requirements for potentially costly surveillance to monitor the safety and efficacy of the product candidate. In addition, the Company's product and any of its current or future product candidates, if approved by regulatory bodies, will be subject to extensive and

ongoing regulatory requirements regarding the manufacturing processes, labelling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping. These requirements will include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP, Good Laboratory Practice and Good Clinical Practice for any studies that the Company conducts post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with the Company's third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on target studies;
- refusal by the FDA or other applicable regulatory body to approve pending applications or supplements to approved applications filed by the Company or its strategic collaborators, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties

The policies of regulatory bodies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of the Company's product candidates. The Company cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action. If the Company is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if the Company is not able to maintain regulatory compliance, it may lose any marketing approval that it may have obtained and it may not achieve or sustain profitability, which would materially adversely affect the Company's business, results of operations and financial condition.

The Company's product and any of its current or future product candidates, if approved, may cause or contribute to adverse medical events that the Company is required to report to regulatory authorities, and if the Company fails to do so, the Company could be subject to sanctions that would materially harm its business.

If the Company is successful in commercializing its product and any of its current or future product candidates, regulations of the regulatory authorities require that the Company reports certain information about adverse medical events if those products may have caused or contributed to those adverse events. The timing of the Company's obligation to report would be triggered by the date the Company becomes aware of the adverse event as well as the nature of the event. The Company may fail to report adverse events it becomes aware of within the prescribed timeframe. The Company may also fail to appreciate that it has become aware of a reportable adverse event, especially if it is not reported to the Company as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the Company's products. If the Company fails to comply with its reporting obligations, regulatory authorities could take action including criminal prosecution, the imposition of penalties, seizure of the Company's products, or delay in approval or clearance of future products, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Legislative or regulatory reforms with respect to human or animal health products may make it more difficult and costly for the Company to obtain regulatory clearance or approval of any of its current or future product candidates and to produce, market, and distribute its products after clearance or approval is obtained.

From time to time, legislation is drafted and introduced that could significantly change the statutory provisions governing the testing, regulatory clearance or approval, manufacture, and marketing of regulated products. In addition, regulatory regulations and guidance are often revised or reinterpreted by regulatory authorities in ways that may significantly affect the Company's business and its products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of the Company's current or future product candidates. The Company cannot determine what effect changes in regulations, statutes, legal interpretation or policies may have on the Company's business in the future. Such changes could, among other things, require:

- requests for additional endpoints or studies;
- changes to manufacturing methods;
- recall, replacement, or discontinuance of certain products; and
- additional record keeping.

Each of these would likely entail substantial time and cost and could have a material adverse effect on the Company's financial results.

The Company's ability to market its product and product candidates, if approved, will be limited to use for the treatment of the indications for which they are approved, and if the Company wants to expand the indications for which it may market its product and product candidates, it will need to obtain additional regulatory approvals, which may not be granted.

If the Company's product candidates are approved, regulatory authorities will restrict the Company's ability to market them only for the indications for which they are approved. If the Company decides to attempt to develop, promote and commercialize new treatment alternatives clinical trial protocols are required for the Company's products and product candidates are accepted and that the results of the trials are according

to the study plan, but this is not possible to predict. The Company would receive necessary approval to do so. The Company would be required to conduct additional studies to enable application for new indications, which would consume additional resources and may produce results that do not result in marketing approvals. If the Company does not obtain additional marketing approvals, the Company's ability to expand its business in effected markets would be adversely affected, which could materially adversely affect the Company's business, results of operations and financial condition.

The anticipated development of a REMS for Paclical and the Company's other human health product candidates could cause delays in the approval process and would add additional layers of regulatory requirements that could impact the Company's ability to commercialize its human health product candidates in the U.S. and reduce their market potential.

As a condition of approval of an NDA, the FDA may require a REMS to ensure that the benefits of the drug outweigh the potential risks. REMS elements can include medication guides, communication plans for health care professionals, and elements to assure safe use ("ETASU"). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. The Company may be required to adopt a REMS for Paclical and its other human health product candidates to ensure that the benefits outweigh the risks of abuse, misuse, diversion and other potential safety concerns. Even if the risk of abuse, misuse or diversion are not as high as for some other products, there can be no assurance that the FDA will approve a manageable REMS for Paclical and the Company's other human health product candidates, which could create material and significant limits on the Company's ability to successfully commercialize its human health product candidates in the U.S. Delays in the REMS approval process could result in delays in the NDA approval process. In addition, as part of the REMS, the FDA could require significant restrictions, such as restrictions on the prescription, distribution and patient use of the product, which could significantly impact the Company's ability to effectively commercialize Paclical and its other human health candidates, and dramatically reduce their market potential thereby adversely impacting the Company's business, financial condition and results of operations. Even if initial REMS are not highly restrictive, if, after launch, Paclical or the Company's other human health product candidates were to be subject to significant abuse/non-medical use or diversion from licit channels, this could lead to negative regulatory consequences, including a more restrictive REMS, which could materially adversely affect the Company's business, results of operations and financial condition.

If it proves that the Company is in violation of "fraud and abuse" laws, the Company may be required to pay a penalty and/or be suspended from participation in government-run health care programs, which may adversely affect the Company's business, financial condition and results of operations.

If the Company is successful in obtaining marketing approval for its products in the U.S. and elsewhere, it will be subject to various health care "fraud and abuse" laws, including anti-kickback laws, false claims laws and other laws intended to reduce fraud and abuse in government-run health care programs, which could affect the Company, particularly upon successful commercialization of the Company's products. For example, the Medicare and Medicaid Patient Protection Act of 1997 (otherwise known as the federal "Anti-Kickback Statute") makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf), to knowingly and wilfully solicit, receive, offer or pay any remuneration that is intended to induce the referral of business, including the purchase, order or prescription of a particular drug for which payment may be made under a U.S. health care program such as Medicare or Medicaid.

Under U.S. federal government regulations, some arrangements, known as safe harbours, are deemed not to violate the Anti-Kickback Statute. Although the Company seeks to structure its business arrangements in compliance with all applicable requirements, these laws are broadly written, and it is often difficult to determine precisely how the law will be applied in specific circumstances. Accordingly, it is possible that the Company's business practices may be challenged under the Anti-Kickback Statute and similar laws in other jurisdictions. False claims laws prohibit anyone from knowingly and wilfully presenting or causing to be presented for payment to third-party payers, including government payers, reimbursement claims for drugs or services that are false or fraudulent, claims for items or services that were not provided as claimed, or claims for medically unnecessary items or services. Cases have been brought under false claims laws alleging that off-label promotion of pharmaceutical products or the payment of kickbacks to pharmaceutical providers has resulted in the submission of false claims to governmental health care programs.

Under laws such as the Health Insurance Portability and Accountability Act in the U.S., the Company is prohibited from knowingly and wilfully executing a scheme to defraud any health care benefit program or knowingly and wilfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for health care benefits, items or services. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including fines and/or exclusion or suspension from government-run health care programs such as Medicare and Medicaid and debarment from contracting with the U.S. and other governments. In addition, in the U.S. private individuals have the ability to bring actions on behalf of the government under the federal False Claims Act as well as under state false claims laws.

Many states in the U.S. have adopted laws similar to the Anti-Kickback Statute, some of which apply to the referral of patients for health care services reimbursed by any source, not just governmental payers. In

addition, California and a few other states in the U.S. have passed laws that require pharmaceutical companies to comply certain code of conducts when interacting with health care professionals. In addition, several states impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state. There are ambiguities as to what is required to comply with these state requirements and if the Company fails to comply with an applicable state law requirement it could be subject to penalties.

The Company has yet to receive definitive guidance on the application of fraud and abuse laws to the Company's business. Law enforcement authorities are increasingly focused on enforcing these laws, and it is possible that some of the Company's practices may be challenged under these laws. While the Company believes it has structured its business arrangements to comply with these laws, it is possible that the government could allege violations of, or convict the Company of violating, these laws. If the Company is found in violation of one of these laws, it could be required to pay a penalty and could be suspended or excluded from participation in certain government-run health care programs, and the Company's business, results of operations and financial condition may be materially adversely affected.

Risks Related to the Company's Business and Industry

If the Company fail to attract and keep senior management and key scientific personnel, the Company may be unable to successfully develop its product or its current or future product candidates, conduct its in-licensing and development efforts or commercialize its product or any of its current or future product candidates.

The Company's future growth and success depends in part on its continued ability to attract, retain and motivate highly qualified management and scientific personnel. The Company is highly dependent upon its senior management, particularly Julian Aleksov, its Chief Executive Officer, as well as its senior scientists and other members of the Company's senior management team. The loss of services of any of these individuals could delay or prevent the successful development of the Company's current or future product pipeline, completion of its planned development efforts or the commercialization of its product and product candidates. Although the Company has entered into an employment agreement with Julian Aleksov, the agreement does not provide for a fixed term of service, and does not contain any competition or non-solicitation clauses after the termination of employment.

The Company may has trouble hiring additional qualified personnel.

As the Company expand its development and commercial activities, the Company will need to hire additional personnel and could experience difficulties attracting and retaining qualified employees. Competition for qualified personnel in the biopharmaceutical field is intense due to the limited number of individuals who possess the skills and experience required by that industry. The Company may not be able to attract and retain quality personnel on favourable terms, or at all. In addition, to the extent the Company hire personnel from competitors, the Company may be subject to allegations that such personnel have been improperly solicited or that they have divulged proprietary or other confidential information, or that their former employers own their research output. Any of these difficulties could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to risks relating to legal proceedings.

The Company is subject to various claims and legal actions arising in the ordinary course of its business. Any such litigation could be very costly and could distract the Company's management from focusing on operating its business. The existence of any such litigation could harm the Company's business, results of operations and financial condition. Results of actual and potential litigation are inherently uncertain. In the past the Company has been subject to fines by a foreign exchange relating to its disclosures. An unfavourable result in a legal proceeding could adversely affect the Company's reputation, financial condition and operating results.

If product liability lawsuits are successfully brought against the Company, the Company will incur substantial liabilities and may be required to limit the commercialization of Paccal Vet® (including Paccal Vet®-CA 1), Paclical, and the Company's other product candidates.

The Company and its partners face potential product liability exposure related to the testing of the Company's product and product candidates in human and animal clinical trials. The Company will face exposure to claims by an even greater number of persons if the Company begin marketing and distributing its products commercially in the U.S. and elsewhere, including those relating to misuse of Paccal Vet®(including Paccal Vet®-CA 1), Paclical and the Company's other product candidates. Now, and in the future, an individual may bring a liability claim against the Company alleging that its product or one of its product candidates caused an injury. While the Company continue to take what the Company believes are appropriate precautions, the Company may be unable to avoid significant liability if any product liability lawsuit is brought against the Company. If the Company cannot successfully defend itself against product liability claims, the Company will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for Paccal Vet®, Paclical and the Company's other product candidates, if such product candidates are approved;

- injury to the Company's reputation;
- withdrawal of clinical trial participants;
- costs of related litigation;
- substantial monetary awards to patients, pet owners and others;
- increased cost of liability insurance;
- loss of revenue; and
- the inability to successfully commercialize the Company'sproducts.

Failure of the Company's information technology systems could significantly disrupt the operation of its business.

The Company's ability to execute its business plan and to comply with regulatory requirements with respect to data control and data integrity depends, in part, on the continued and uninterrupted performance of the Company's information technology systems ("IT systems"). These systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of the Company's servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautionary measures the Company have taken to prevent unanticipated problems that could affect the Company's IT systems, there are no assurances that electronic break-ins, computer viruses and similar disruptive problems, and/or sustained or repeated system failures or problems arising during the upgrade of any of the Company's IT systems that interrupt its ability to generate and maintain data will not occur. The occurrence of any of the foregoing with respect to the Company's IT systems could have a material adverse effect on its business, results of operations or financial condition.

The Company is subject to the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing the Company'soperations. If the Company fails to comply with these laws, the Company could be subject to civil or criminal penalties, other remedial measures, and legal expenses, which could adversely affect the Company's business, results of operations and financial condition.

The Company's operations are subject to certain anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), and other anti-corruption laws that apply in countries where the Company do business. The FCPA and other anti-corruption laws generally prohibit the Company and its employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. The Company and its commercial partners operate in a number of jurisdictions that pose a high risk of potential FCPA violations and the Company participate in collaborations and relationships with third parties whose actions could potentially subject the Company to liability under the FCPA or local anti-corruption laws. In addition, the Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's international operations might be subject or the manner in which existing laws might be administered or interpreted.

The Company is also subject to other laws and regulations governing its international operations, including applicable export control regulations, economic sanctions on countries and persons, customs requirements and currency exchange regulations (collectively, "Trade Control Laws").

There is no assurance that the Company will be completely effective in ensuring its compliance with all applicable anticorruption laws, including the FCPA or other legal requirements, such as Trade Control Laws. Any investigation of potential violations of the FCPA, other anti-corruption laws or Trade Control Laws by U.S., EU or other authorities could have an adverse impact on the Company's reputation, its business, results of operations and financial condition. Furthermore, should the Company be found not to be in compliance with the FCPA, other anti-corruption laws or Trade Control Laws, the Company may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, as well as the accompanying legal expenses, any of which could have a material adverse effect on the Company's reputation and liquidity, as well as on its business, results of operations and financial condition.

The Company are exposed to risks related to currency exchange rates.

The Company's primary contract manufacturer and all of the Company's clinical trials are located outside of Sweden. Because the Company's financial statements are presented in SEK, changes in currency exchange rates have had and could continue to have a significant effect on the Company's operating results. Exchange rate fluctuations between local currencies and SEK create risk in several ways, including the following:

- weakening of the krona may increase SEK cost of overseas research and development expenses and the cost of sourced product components outside Sweden;
- strengthening of SEK may decrease the value of the Company's revenues denominated in other currencies;
- the exchange rates on non-SEK transactions and cash deposits can distort our financial results; and
- the pricing and profit margins of Paccal Vet®, Paclical and the Company's other product candidates may be affected by currency fluctuations.

In addition, to the extent the Company's need for contract manufacturing increases once the Company's products reach the commercial market, the Company's exposure to currency risks will increase proportionally. It is possible that fluctuations in currency exchange rates could have a material adverse effect on the Company's business, results of operations and financial condition.

If the Company is unable to use its accumulated losses to deduct from future profits thereby reduce future tax payments, the Company's business, results of operations and financial condition may be adversely affected.

As a Swedish resident trading entity, the Company is subject to Swedish corporate taxation. As of April 30, 2013, the Company had cumulative carryforward tax losses of SEK 301 million, and as of April 30, 2014, the Company had cumulative carryforward tax losses of SEK 404 million and as of July 31, 2014 the Company had cumulative carryforward tax losses of SEK 437 million. These are available to carry forward and offset against future operating profits, unlimited in time. If, however, there are unexpected adverse changes to the Swedish tax law, the Company's business, results of operations and financial condition may be adversely affected.

Risks Related to the Company's Reliance Upon Third Parties

The Company depend substantially on the commercial expertise of its commercial partners.

The Company does not have a sales and marketing operation and expect to rely on the expertise and commercial skills of the Company's commercial partners to sell Paccal Vet®, Paclical, Doxophos Vet, and the Company's other product candidates in selected territories. The Company has entered into agreements for the global commercialization of Paccal Vet® with Abbott Animal Health, excluding Japan, where Paccal Vet® is licensed to Nippon Zenyaku Kogyo, and Russia and the Commonwealth of Independent States (the "CIS"), where the Company retain the commercialization rights. The Company has entered into agreements for the commercialization of Paclical with Medison Pharma in Israel and Turkey and with Pharmasyntez in Russia, as well as Ukraine, Georgia and Turkmenistan. The Company has entered into agreements for the commercialization of Doxophos Vet with Abbott Animal Health, excluding Russia and the CIS, where the Company retains commercialization rights. The Company's partners also have the right, under certain circumstances, to terminate their agreements with the Company, and Abbott Laboratories has the right to terminate its agreement with the Company if it determines, in its sole discretion, that it is no longer commercial motivated to continue the agreement. A failure by the Company's partners to successfully market Paccal Vet®, Paclical, Doxophos Vet and the Company's other product candidates, or the termination of agreements with its partners, would have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is dependent on contract manufactures for the manufacturing of the Company's products which can create uncertainties in the production.

The Company depends on a limited number of suppliers for materials and components required to manufacture Paccal Vet®, Paclical and the Company's other product candidates. The loss of these suppliers, or their failure to supply the Company on a timely basis, could cause delays in its current and future capacity and adversely affect the Company's business.

The majority of the raw materials used in the production of the Company's pharmaceuticals are purchased from a limited number of suppliers. As a result, the Company may not be able to obtain sufficient quantities of critical materials and components in the future. A delay or interruption by the Company's suppliers may harm the Company's business, results of operations and financial condition. In addition, the lead time needed to establish a relationship with a new supplier can be lengthy, and the Company may experience delays in meeting demand in the event the Company must switch to a new supplier. The time and effort to qualify for and, in some cases, obtain regulatory approval for a new supplier could result in additional costs, diversion of resources or reduced manufacturing yields, any of which would negatively impact the Company's operating results. The Company's dependence on a limited number of suppliers exposes the Company to numerous risks, including:

- the Company's suppliers could cease or reduce production or deliveries, raise prices or renegotiate terms;
- the Company may be unable to locate a suitable replacement suppliers on acceptable terms or on a timely basis, or at all; and
- delays caused by supply issues may harm the Company's reputation, frustrate its customers and cause them to turn to the Company's competitors for future needs.

Any one of these occurrences could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks Related to the Company's Intellectual Property

The Company may be forced to litigate to enforce or defend its intellectual property rights, or the intellectual property rights of the Company's licensors.

The Company may be forced to litigate to enforce or defend its intellectual property rights against infringement and unauthorized use by competitors. In so doing, the Company may place its intellectual property at risk of being invalidated, held unenforceable, or narrowed in scope. Further, an adverse result in

any litigation or defence proceedings may lead to the Company's intellectual property rights being extinguished. In addition, if any licensor fails to enforce or defend its intellectual property rights, this may adversely affect the Company's ability to develop and commercialize its product and product candidates as well as its ability to prevent competitors from making, using, and selling competing products. Any such litigation could be very costly and could distract the Company's management from focusing on operating the Company's business. The existence or outcome of any such litigation could harm the Company's business, results of operations and financial condition.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of the Company's confidential and proprietary information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of the ADSs.

The Company may be unable to adequately prevent disclosure of trade secrets and other proprietary information.

The Company rely on trade secrets to protect its proprietary know-how and technological advances, especially where the Company does not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect the Company's trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may discover the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to obtain or maintain trade secret protection or failure to adequately protect the Company's intellectual property could enable competitors to develop generic products or use the Company's proprietary information to develop other products that compete with the Company's products or cause additional, material adverse effects upon its business, results of operations and financial condition.

The transfer of technology and knowledge to contract manufacturers pursuant to the production of the Company's products also creates a risk of uncontrolled distribution and copying of concepts, methods and processes relating to the Company's products. Such uncontrolled distribution and copying could have a material adverse effect on the value of the Company's products if used for the production of competing drugs or otherwise used commercially without the Company's obtaining financial compensation.

The Company may become subject to third parties' claims alleging infringement of patents and proprietary rights or seeking to invalidate the Company's patents or proprietary rights, which would be costly, time-consuming and, if successfully asserted against the Company, delay or prevent the development and commercialization of the Company's product and its current or future product candidates.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical industry, as well as patent challenge proceedings, including interference and administrative law proceedings before the U.S. Patent and Trademark Office ("PTO") and the European Patent Office ("EPO"), and oppositions and other comparable proceedings in other jurisdictions. Recently, under U.S. patent reform laws, new procedures including *inter partes* review and post grant review have been implemented. As stated below, the novel implementation of such reform laws presents uncertainty regarding the outcome of challenges to the Company's patents in the future.

The Company cannot assure you that its product or any of its current or future product candidates will not infringe existing or future patents. The Company may be unaware of patents that have already issued that a third party might assert are infringed by the Company's product or one of its current or future product candidates. Because patent applications can take many years to issue and may be confidential for eighteen months or more after filing, there may be applications now pending of which the Company are unaware and which may later result in issued patents that the Company may infringe by commercializing its product or any of its current or future product candidates. In addition, third parties may obtain patents in the future and claim that use of the Company's technologies infringes upon these patents. Moreover, the Company may face claims from non-practicing entities (commonly referred to as "patent trolls"), which have no relevant product revenue and against whom the Company's own patent portfolio may thus have no deterrent effect.

The Company may be subject to third-party claims in the future against the Company or its collaborators that would cause the Company to incur substantial expenses and, if successful against the Company, could cause the Company to pay substantial damages, including treble damages and attorney's fees if the Company is found to be wilfully infringing a third party's patents. If a patent infringement suit were brought against the Company or its collaborators, the Company or its collaborators could be forced to stop or delay research, development, manufacturing or sales of the product candidate that is the subject of the suit. As a result of patent infringement claims, or in order to avoid potential claims, the Company or its collaborators may choose to seek, or be required to seek, a license from the third party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if the Company or its collaborators were able to obtain a license, the rights may be nonexclusive, which would give the Company's competitors access to the same intellectual property. Ultimately, the Company

could be prevented from commercializing a product, or forced to redesign it, or to cease some aspect of the Company's business operations if, as a result of actual or threatened patent infringement claims, the Company or its collaborators are unable to enter into licenses on acceptable terms. Even if the Company are successful in defending such claims, infringement and other intellectual property litigation can be expensive and time-consuming to litigate and divert management's attention from the Company's core business. Any of these events could affect the Company's business significantly.

In addition to infringement claims against the Company, if third parties have prepared and filed patent applications in the U.S. that also claim technology to which the Company have rights, the Company may have to participate in interference proceedings in the U.S. PTO to determine the priority of invention. Third parties may also attempt to initiate re-examination, post grant review or *inter partes* review of the Company's patents in the U.S. PTO. The Company may also become involved in similar opposition proceedings in the EPO or comparable offices in other jurisdictions regarding the Company's intellectual property rights with respect to its products and technology. Any of these claims could have a material adverse effect on the Company's business, results of operations and financial condition.

If the Company's efforts to protect the proprietary nature of the intellectual property related to the Company's product or any of its current or future product candidates are not adequate, the Company may not be able to compete effectively in its market.

The Company rely upon a combination of patents, trade secret protection, confidentiality and license agreements to protect the intellectual property related to the Company's product and its current product candidates and the Company's development programs.

Composition-of-matter patents on an active pharmaceutical ingredient are generally considered to be the strongest form of intellectual property protection for pharmaceutical products, as such patents provide protection without regard to any particular method of use or manufacture. The Company cannot be certain that the claims in the Company's patent application covering composition-of-matter of the Company's product and its product candidates will be considered patentable by the patent offices and courts in any jurisdiction. Method-of-use patents protect the use of a product for the specified method. This type of patent does not prevent a competitor from making and marketing a product that is identical to the Company's product for an indication that is outside the scope of the patented method. Moreover, for the Company's animal health products particularly, even if competitors do not actively promote their products for the Company's targeted indications, veterinarians may recommend that pet owners use these products off label, or pet owners may do so themselves. Although off-label use may infringe or contribute to the infringement of method-of-use patents, the Company believe the practice is common and such infringement is difficult to prevent or prosecute.

The strength of patents in the field of human and animal health oncology products involves complex legal and scientific questions and can be uncertain. The patent applications that the Company own or license may fail to result in issued patents. Even if the patents do successfully issue, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. Furthermore, even if they are unchallenged, the Company's patents and patent applications may not adequately protect the Company's intellectual property or prevent others from designing around the Company's claims. If the breadth or strength of protection provided by the patent applications the Company own, in-license or pursue with respect to the Company's product or any of its current or future product candidates is threatened, it could threaten the Company's ability to commercialize its product or any of its current or future product candidates. Further, if the Company encounter delays in its development efforts, the period of time during which the Company could market its product or any of its current or future product candidates under patent protection would be reduced. Since patent applications in the U.S. and most other countries are confidential for a period of time after filing, the Company cannot be certain that the Company were the first to file any patent application related to the Company's product and product candidates. Furthermore, for patent applications in which claims are entitled to a priority date before March 16, 2013, an interference proceeding can be provoked by a third party or instituted by the U.S. PTO to determine who was the first to invent any of the subject matter covered by the patent claims of the Company's applications. For patent applications containing a claim not entitled to a priority date before March 16, 2013, there is a greater level of uncertainty in the patent law with the passage of the America Invents Act, which went into effect on that date and brought about significant changes to the U.S. patent laws that have yet to be well defined, and which introduces new procedures for challenging pending patent applications and issued patents. A primary change under this reform is creating a "first to file" system in the U.S., which requires the Company to minimize the time from invention to filing of a patent application.

Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and the outcome of such litigation would be uncertain. Moreover, any actions the Company may bring to enforce the Company's intellectual property against its competitors could provoke them to bring counterclaims against the Company, and some of its competitors have substantially greater intellectual property portfolios than the Company has.

The Company also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to enforce and any other elements of the Company's product development processes that involve proprietary know-how, information or

technology that is not covered by patents. Although the Company endeavour to execute confidentiality agreements with all of the Company's employees, consultants, advisors and any third parties who have access to the Company's proprietary know-how, information or technology, the Company cannot be certain that it has executed such agreements with all parties who may have helped to develop the Company's intellectual property or had access to its proprietary information, nor that the Company's agreements will not be breached. The Company cannot guarantee that its trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to the Company's trade secrets or independently develop substantially equivalent information and techniques. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the EU or the U.S. As a result, the Company may encounter significant problems in protecting and defending its intellectual property both in the U.S. and elsewhere. If the Company is unable to prevent disclosure of the intellectual property related to the Company's technologies to third parties, the Company will not be able to establish or maintain a competitive advantage in its market, which could materially adversely affect the Company's business, results of operations and financial condition.

Any disclosure to or misappropriation by third parties of the Company's confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding the Company's competitive position in its market.

Changes in patent law could diminish the value of patents in general, thereby impairing the Company's ability to protect its products.

As is the case with other biopharmaceutical companies, the Company's success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. In addition, the U.S. has recently enacted and is currently implementing wide-ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in other situations. In addition to increasing uncertainty with regard to the Company's ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. PTO, the laws and regulations governing patents could change in ways that would weaken the Company's ability to obtain new patents or to enforce the Company's existing licensed patents and patents that the Company might obtain in the future. Similarly, changes in EU patent law and elsewhere could negatively affect the value of the Company's patents registered outside of the U.S.

Obtaining and maintaining the Company's patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and the Company's patent protection could be reduced or eliminated for non-compliance with any of these requirements.

Governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may not be able to protect its intellectual property rights throughout the world.

Filing, prosecuting and defending patents on product and product candidates throughout the world is prohibitively expensive. Competitors may use the Company's technologies in jurisdictions where the Company have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where the Company has patent protection, but where enforcement is not as strong as that in e.g. the U.S. These products may compete with the Company's products in jurisdictions where the Company do not have any issued or licensed patents and the Company's patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for the Company to stop the infringement of the Company's patents or marketing of competing products in violation of the Company's proprietary rights generally. Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial cost and divert the Company's efforts and attention from other aspects of its business.

Risks Related to the Company's Financial Position and Capital Needs

There are relationships among the Company's directors and its largest shareholders that could pose a conflict of interest.

There are relationships among some of the members of the Company's board of directors and its largest shareholders that could pose a conflict of interest. Two of the Company's directors, Julian Aleksov, who is also the Company's CEO, and Bo Cederstrand are co-owners of Alceco International S.A. Alceco International S.A. owns 39.2 per cent of the Ordinary Shares as of 30 October 2014 and is the Company's largest shareholder. In addition to being partners in Alceco International S.A., Aleksov and Cederstrand also have a familial relationship. Mr. Aleksov is the partner of Mr. Cederstrand's daughter and the father of his two grandchildren. Alceco International S.A has also extended a credit facility of SEK 40 million to the Company, which as of 31 July 2014 is unutilized.

Another director, Alexander Kotsinas, is an employee at Nexttobe AB, which owned 20.03 per cent of the Company's ordinary Shares as of 30 September 2014 and is the Company's second-largest shareholder. Nexttobe AB is also the Company's largest creditor, having loaned the Company a total of SEK 105 million since February 2012. Anders Blom, member of the executive management, is also CEO in Nexttobe AB.

These directors may have actual or apparent conflicts of interest with respect to matters involving or affecting the Company and Alceco International S.A. and/or Nexttobe AB. Examples of possible conflicts include:

- the Board of Directors could have to decide whether to use funds for operating expenses or the repayment of loans to Alceco International S.A. and/or Nexttobe AB;
- issues or disputes could arise under the commercial agreements that exist between the Company and Alceco International S.A. and Nexttobe AB;
- under the terms of Alceco International S.A.'s loan agreements, one or more Alceco International S.A's creditors could become shareholders and could exercise their voting rights in a manner that could conflict with the shareholders' interest;
- Nexttobe AB, a venture capital company, could own or come to own interests in companies that compete with the Company; and
- given the close relationship between Mr. Cederstrand and Mr. Aleksov, Mr. Cederstrand could be conflicted as to any board of directors decisions on the compensation and employment status of Mr. Aleksov.

Apart from the conflicts of interest policy contained in the Company's Code of Ethics and Business Conduct, the Company and Alceco International S.A. and Nexttobe AB have not established any formal procedures for the Company, Alceco International S.A. and/or Nexttobe AB to resolve potential or actual conflicts of interest between the Company. There can be no assurance that any of the foregoing conflicts will be resolved in a manner that does not adversely affect the Company's business, financial condition or results of operations.

The Company have incurred significant losses since its inception. The Company expects to incur losses over the next several years and may never achieve or maintain profitability.

Since inception, the Company has incurred significant operating losses. The Company incurred net losses of SEK 105 million and SEK 72 million for the fiscal years ended 30 April 2014 and 30 April 2013, respectively. To date, the Company has financed its operations primarily through private placements of shares in the Company and through milestone payments from its commercial partners.

The Company has devoted substantially all of its financial resources and efforts to research and development, including preclinical studies and clinical trials. The Company expect to continue to incur significant expenses and operating losses over the next few years. The Company's net losses may fluctuate significantly from quarter to quarter and year to year. The Company anticipates that its expenses will increase substantially as the Company:

- continues to conduct Phase III clinical development of Paclical for the treatment of epithelial ovarian cancer;
- initiates and conducts a Phase II program for Paclical for the treatment metastatic breast cancer;
- conducts additional efficacy studies in dogs to collect all the necessary efficacy data for full FDA approval of Paccal Vet®;
- continues research and development for and commence clinical trials of Docecal, Doxophos, Doxophos Vet and OAS-19;
- seeks to discover and develop additional product candidates;
- conducts late-stage clinical trials and seek regulatory approvals for any product candidates that successfully complete clinical trials;
- ultimately establishes a sales, marketing and distribution infrastructure and scales up external manufacturing capabilities to commercialize any products that the Company choose not to license to a third party and for which the Company may obtain regulatory approval;

- maintains, expands and protects its intellectual property portfolio;
- hires additional clinical and scientific personnel; and
- adds operational, financial and management information systems and personnel, including personnel to support the Company's product development and planned future commercialization efforts.

To become and remain profitable, the Company must succeed in developing and eventually commercializing products that generate significant revenue. This will require the Company to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of the Company's product candidates, discovering additional product candidates, potentially entering into collaboration and license agreements, obtaining regulatory approval for product candidates and manufacturing, marketing and selling any products for which the Company may obtain regulatory approval. The Company is only in the preliminary stages of most of these activities. The Company may never succeed in these activities and, even if the Company does, may never achieve profitability.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, the Company is unable to accurately predict the timing or amount of increased expenses or when, or if, the Company will be able to achieve profitability. If the Company is required by regulatory authorities to perform studies in addition to those currently expected, or if there are any delays in completing the Company's clinical trials or the development of any of its product candidates, its expenses could increase.

Even if the Company does achieve profitability, the Company may not be able to sustain or increase profitability on a quarterly or annual basis. The Company's failure to become and remain profitable would depress the value of the Company and could impair its ability to raise capital, expand the Company's business, maintain its research and development efforts, diversify the Company's product offerings or even continue its operations. A decline in the value of the Company could also cause an investor to lose all or part of their investment.

The Company may need substantial additional funding, which may not be available to the Company on acceptable terms, or at all. If the Company is unable to raise capital when needed, the Company could be forced to delay, reduce or eliminate its product development programs or its commercialization efforts.

The Company's operations have consumed substantial cash since inception. Excluding receipts from milestone fees, the Company's cash flow used for operating activities for the fiscal years ended 30 April 2014 and 30 April 2013 was approximately SEK -87 million and SEK -72 million, respectively, with development costs, which are capitalized, for those years totalling approximately SEK 29 million and SEK 46 million, respectively. The Company's cash flow, excluding receipts from milestone payments, used for operating activities for the three months ended 31 July 2014 was approximately SEK -31 million, with capitalized development costs for that period totalling approximately SEK 4,5 million. The Company expect its operating, management and administrative expenses and cash used for operations to continue to be significant and to increase substantially in connection with the Company's planned research, development and continued product commercialization efforts and the Company's possible listing on NASDAQ in the U.S. The Company may need to raise additional capital following this offering to fund the Company's operations and continue to conduct clinical trials to support potential regulatory approval of marketing applications. If the Company is unable to raise capital when needed or on attractive terms, the Company could be forced to:

- delay, reduce or eliminate its research and development programs or any future commercialization efforts;
- relinquish or license on unfavourable terms of the Company's rights to technologies, its product, or product candidates that the Company otherwise would seek to develop or commercialize itself;
- seek collaborators for the Company's product or one or more of its product candidates at an earlier stage than otherwise would be desirable or on terms that are less favourable than might otherwise be available; or
- cease operations altogether.

Taking the current liquidity position and the Company's current credit facilities, together proceeds from this offering, which is estimated to amount to SEK 165 million deducted for related expenses, the Board of Directors believes that the Company is sufficiently funded and will enable the Company to carry out its operating plan for the coming twelve months. The Company has based this estimate on assumptions that may prove to be wrong, and the Company could use up its capital resources sooner than the Company currently expect. The Company do not expect its existing capital resources, including the net proceeds from this offering, to enable the Company to complete Phase III development of Paclical for the treatment of epithelial ovarian cancer, conduct Phase II development of Paclical for the treatment of metastatic breast cancer, conduct additional efficacy studies in dogs for full FDA approval of Paccal Vet® or continue research and development for and commence clinical trials of Docecal, Doxophos Vet, Doxophos and OAS-19.

Accordingly, the Company expects that it will need to raise substantial additional funds in the future. The Company's future capital requirements depend on many factors, including:

- the revenue related to commercial sales of the Company's product and product candidates for which the Company receive marketing approval, including royalties and milestones received from Abbott Animal Health (the animal health division of Abbott Laboratories);
- the progress and results of the Phase III clinical program for Paclical for the treatment of epithelial ovarian cancer and the Phase II clinical program for Paclical for the treatment metastatic breast cancer;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials for the Company's other product candidates, including those of Docecal, Doxophos Vet, Doxophos and OAS-19;
- the Company's ability to enter into collaborative agreements for the development and commercialization of the Company's product candidates;
- the number and development requirements of other product candidates that the Company are trying to develop;
- the costs, timing and outcome of regulatory review of the Company's product candidates or any future product candidates;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for the Company's product or any of its product candidates for which the Company receives marketing approval;
- any product liability or other lawsuits related to the Company's products;
- the expenses necessary to attract and retain skilled personnel; and
- the costs involved in preparing, filing and prosecuting patent applications, maintaining and enforcing the Company's intellectual property rights and defending any intellectual property-related claims, both in the U.S. and outside the U.S.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and the Company may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, the Company's product and its product candidates, if approved, may not achieve commercial success. Beyond Paccal Vet®-CA1 the Company's potential commercial revenue, will be derived from sales of products that the Company does not expect to be commercially available for several months, if at all. Accordingly, the Company will need to continue to rely on additional financing to achieve the Company's business objectives. Adequate additional financing may not be available to the Company on acceptable terms, or at all. In addition, the Company may seek additional capital due to favourable market conditions or strategic considerations, even if the Company believe it has sufficient funds for its current or future operating plans.

The milestone payments the Company receive are not reliable sources of income and in some cases must be later returned.

Much of the Company's income has consisted of, and may in the future take the form of, milestone payments, which are contractual one-time payments from the Company's partners as it reaches certain targets. There have been cases in which the Company have not reached the targets and there is no guarantee that the Company will be able to reach such targets in the future. The Company may also be required to repay already obtained milestone payments if the agreed upon schedules are not kept or if the required marketing approvals are not obtained. Further, milestone payments occur irregularly over time, causing fluctuations in the Company's earnings and results. Milestone payments are not sustainable earnings and any dependence on milestone payments could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's limited operating history may make it difficult for you to evaluate the success of the Company's business to date and to assess its future viability.

The Company commenced active operations in 1999, and the Company's operations thus far have been limited to organizing and staffing the Company, business planning, raising capital, identifying potential product candidates, undertaking preclinical studies and conducting clinical trials. So far, the Company has had no commercial operations. All but three of the Company's product candidates are still in preclinical development. The Company has not yet demonstrated its full ability to successfully complete later stage clinical trials, obtain full regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on behalf of the Company, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about the Company's future success or viability may not be as accurate as they could be if the Company had a longer operating history.

In addition, as a business with a limited operating history, the Company may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. The Company will need to expand its capabilities to support commercial activities. The Company may not be successful in adding such capabilities.

The Company expects its financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond the Company's control. Accordingly, you should not rely upon the results of any past annual or interim periods as indications of future operating performance.

RISKS RELATED TO THE SHARE AND THE RIGHTS ISSUE

Share performance.

A prospective investor should be aware that an investment in shares, BTAs, and subscription rights in the Company is associated with a high level of risk and that there is no guarantee that the share price will develop favourably. In addition to Oasmia's earnings, the share price is dependent on several other factors that Oasmia cannot influence such as the economic climate in general, market interest rates, capital flows, political instability and market behaviour.

Furthermore, the liquidity of Oasmia's shares on NASDAQ Stockholm and Frankfurt Stock Exchange has been limited. Non-liquid trading can present difficulties for shareholders when trying to sell their shares.

Failure to participate in the issue or sell subscription rights.

If a shareholder does not sell his/her subscription rights by 3 December 2014, or does not exercise their subscription rights by making payment by 5 December 2014, the shareholder's subscription rights will be forfeited without value or compensation. Subscription rights holders and financial intermediaries must therefore ensure that they follow all of the instructions for exercising subscription rights in the "Terms and Instructions". If a shareholder does not exercise his or her subscription rights, his or her proportional ownership and percentage of voting rights in the Company will be reduced by the corresponding amount. Even if shareholders choose to sell their unexercised subscription rights or if such subscription rights are sold on their behalf, the compensation they receive may not reflect the immediate dilution of the proportional ownership in the Company's share capital when the Rights Issue is implemented.

Future new share issues may further dilute the holdings of existing shareholders.

Oasmia may in the future decide to issue shares to raise capital. Any such additional issue could reduce the proportional ownership and percentage of voting rights for the Company's shareholders as well as the earnings per share in the Company, and any new share issue could have a negative impact on the market price of the shares.

Trading in subscription rights.

Subscription rights will be traded on NASDAQ Stockholm during the period from and including 19 November 2014 up to and including 3 December 2014. There is no guarantee that subscription rights will be traded actively or that it will be possible to achieve liquid trading during this period. If such a market develops, the price trend for the subscription rights will be affected by, among other factors, the development of the Company's share price and it may be subject to significantly greater volatility than the shares.

The subscriptions and guarantee commitments are not secured.

The largest shareholders in Oasmia, Alceco International S.A., Nexttobe AB and SSE Opportunities Limited have committed to subscribe for their respective *pro rata* shares in the Rights Issue and Alceco International S.A. have also undertaken to subscribe for the remaining part of the Rights Issue through a guarantee commitment, see section "Legal Information and supplementary information – Subscription and guarantee commitment" below. These subscription and guarantee commitments are not secured. There is therefore a risk that one or both of Alceco International SA, Nexttobe AB and SSE Opportunities Limited will not be able to meet their respective subscription and guarantee commitments. If these commitments are not fulfilled it would affect the Company's ability to successfully complete the Rights Issue. Failure to implement the Rights Issue would adversely affect the Company's operations, financial position and performance.

Dividends.

Oasmia has never paid any dividends (other than reimbursement of shareholder contributions to Oasmia S.A.[1] in 2007). As Oasmia will, over the next few years, be in a phase where the Company's product portfolio is being developed, any surplus capital will be invested in the business. Due to this, the Board does not intend to propose any dividend for the current year or to commit to a fixed dividend rate. If Oasmia's cash flow from its operating activities subsequently exceeds the Company's capital requirement, the Board intends to propose

[1] Oasmia S.A. is the former name for Alceco International S.A.

that the General Meeting approves a dividend. Furthermore, the shareholders, as a general rule, cannot resolve upon a dividend higher than what the Board has proposed. The General Meeting can only decide on dividend, upon request of the minority shareholders, under certain conditions. In light of the above, dividends on the Shares in Oasmia may be fully or partially absent.

Certain foreign shareholders may be prevented from exercising their preferential rights.

Some of Oasmia's shareholders, who are domiciled in or have an address that is registered in certain jurisdictions outside Sweden may be prevented from exercising their preferential right for the Oasmia shares that they own in future share issues, unless registration or a similar measure according to the laws in the respective jurisdiction has been implemented for such shares or unless an exception is made from the registration requirement or similar requirement under the applicable laws in the respective jurisdiction.

Concentration of ownership.

Alceco International S.A.'s shareholding, at the date of this prospectus, is approximately 39.2 per cent of the shares in Oasmia. Nexttobe AB's shareholding, at the date of this prospectus, is approximately 20.0 per cent of the shares in Oasmia. Alceco International S.A. and Nexttobe AB can thus exercise significant influence over all matters requiring shareholder approval, and may be able to prevent a change in control or take other measures that may benefit Alceco International S.A. or Nexttobe AB but can be disadvantageous to other shareholders. Furthermore, a sale of a large number of the Company's shares by Alceco and/or Nexttobe AB within a short timeframe cause a decrease in the price of the Company's share price and make harder for the Company to raise capital through future offers of shares or to acquire other companies with the shares as payment.

Invitation to subscribe for shares in Oasmia

On 10 November 2014, the Board of Oasmia resolved, by virtue of the authorization from the Annual General Meeting on 29 September 2014, to carry out a new share issue with preferential rights for the Company's shareholders. The Board of Directors resolution means that a maximum of 9,785,814 new shares shall be issued at a subscription price of SEK 18.00 per share.

The shareholders will have preferential rights to subscribe for new shares in relation to the shares they own on the record date on 18 November 2014. For each existing share in the Company the shareholders own they will receive one (1) subscription right. Nine (9) subscription rights entitle the holder to subscribe for one (1) new share at the subscription price SEK 18.00 per new share. The subscription period runs from and including 19 November 2014 up to and including 5 December2014 or any later date decided by the Board. The new shares shall confer the same rights as the existing shares in the Company.

New shares can also be subscribed for without subscription rights. See section "Terms and Instructions" below for more information.

The Rights Issue will increase the share capital by a maximum of SEK 978,581.4 from SEK 8,807,233 to not more than SEK 9,785,814.40. Upon full subscription of the Rights Issue, the Company will raise approximately SEK 176 million before transaction costs, which are estimated to be nearly SEK 11 million.

Shareholders who choose not to participate in the Rights Issue will have their holdings diluted by not more than approximately 10 per cent, but have the opportunity to sell their subscription rights to obtain compensation for the dilution.

The Company's largest shareholder, Alceco International S.A., which holds approximately 39.2 per cent of the share capital and votes and the Company's second largest shareholder, Nexttobe AB, which holds approximately 20.0 per cent of the share capital and votes as well as SSE Opportunities Limited, which holds approximately 2.8 percent of the share capital and votes of the Company have committed to subscribe for their *pro rata* shares in the Rights Issue (Nexttobe AB trough setoff against the corresponding credit amount left to the Company, see section "Legal and supplementary information – material agreements" below). This represents approximately SEK 109 million and 62 per cent of the total proceeds of the Rights Issue.

Alceco International S.A. and SSE Opportunities Limited have also undertaken to subscribe and pay for any remaining portion of the Rights Issue not covered by the commitments referred to above and which are also not subscribed for with or without preferential rights. Any such remaining portion comprises a maximum of approximately SEK 67 million, corresponding to approximately 38 per cent of the Rights Issue. According to the agreements described above, the Rights Issue is thus fully covered by subscription and guarantee commitments.

Shareholders are hereby invited to subscribe for new shares in Oasmia with preferential rights, in accordance with the terms set out in this prospectus.

Uppsala, 17 November 2014

Oasmia Pharmaceutical AB (publ)

The Board of Directors

Background and Rationale

Oasmia develops a new generation of drugs within human and veterinary oncology. Product development aims to manufacture novel formulations based on well-established cytostatic which, compared to current alternatives, have improved properties, reduced side-effect profile and expanded therapeutic area. Product development is based on in-house research within nanotechnology and proprietary patents.

The Company's product Paccal Vet® CA1, for the treatment of mammary carcinoma and squamous-cell carcinoma in dogs have been granted conditional marketing approval in the U.S. and the Company intends to commence studies in order to, yet again, be able to submit an application for full approval to EMA pertaining to the EU and to the FDA pertaining to the U.S. during the second half of 2017. The product candidate which is closest to being launched at the market is Paclical for epithelial ovarian cancer in women. Oasmia has recently conducted a phase III study regarding Paclical and the complete report from the trial of Paclical for epithelial ovarian cancer shows that Paclical has a positive risk/benefit profile. The data will form the basis for an application for marketing approval to EMA. The Company aims to submit the application during 2015. In late 2012, the Company conducted an interim analysis whose results form the basis for an application for marketing approval in Russia. An approval in Russia could afford the Company approval to sell the product in the entire CIS-region.

During the next twelve months Oasmia expects to require working capital due to incurred costs and investments, in an amount slightly more than SEK 230 million. The costs can be divided as follows.

1. Operational costs and investments, amounting to slightly more than SEK 115 million, consisting of costs in relation to the registration of Paccal Vet® and Paclical as well as the ramp-up of production facilities.

4. Costs in relation to clinical studies amounting to slightly more than SEK 50 million.

5. Costs for obligations to the Company's creditors, amounting to slightly more than SEK 65 million.

At the date of this Prospectus, Oasmia has access to working capital amounting to approximately SEK 72 million, consisting of cash and committed credit facilities. Consequently, the existing working capital is not sufficient to cover the requirements for the next twelve months.

In light of the above Oasmia's Board of Directors has decided to carry out a new issue of shares of slightly more than SEK 176 million, with preferential rights for the existing shareholders in Oasmia. Net proceeds to Oasmia following the deduction of transaction related costs will amount to approximately SEK 165 million. Oasmia's main shareholders, Alceco International S.A. and Nexttobe AB as well as SSE Opportunities Limited, have committed to subscribe and pay for their respective *pro rata* shares of the Rights Issue (Nexttobe AB trough setoff against the corresponding credit amount provided to the Company see section "Legal and supplementary information – material agreements" below). Alceco International S.A. and SSE Opportunities Limited have also entered into guarantee commitments for the remaining part of the Rights Issue. Consequently, the Rights Issue is fully guaranteed by subscription and guarantee commitments.

The Board of Directors is of the opinion that the Company's current strategy and activities, in combination with a capital injection, will form the basis on which to realize the Company's earnings potential. Based on the current liquidity and committed credit facilities, in combination with the proceeds from the Rights Issue, the Board of Directors of Oasmia is of the opinion that the Company has access to sufficient financing to execute the plan for the next twelve months.

The Board of Directors of Oasmia is responsible for the content of this prospectus. The Board hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Uppsala, 17 November 2014
Oasmia Pharmaceutical AB (publ)
Board of Directors

Terms and instructions

PREFERENTIAL SUBSCRIPTION RIGHTS

Those who, on the record date 18 November 2014, are registered as shareholders in the Company will have the preferential right to subscribe for one (1) new share for SEK 18.00 per share for every nine (9) shares held.

SUBSCRIPTION PRICE

The new shares shall be issued at a price of SEK 18.00 per share. No commission will be charged.

RECORD DATE

The record date as for Euroclear Sweden AB to determine who is entitled to receive subscription rights is 18 November 2014. The Company's shares are traded with the right to subscribe for shares in the Rights Issue up and including 14 November 2014. The shares are traded without the right to receive subscription rights in the Rights Issue from and including 15 November 2014.

INFORMATION FROM EUROCLEAR SWEDEN AB FOR SHAREHOLDERS REGISTERED BY NAME

A pre-printed issue statement with payment notice attached and an application form will be distributed to shareholders or representatives of shareholders in the Company who are registered on the record date of 18 November 2014 in the register of shareholders held by Euroclear Sweden AB on behalf of the Company and who are entitled to subscribe for new shares in the Rights Issue. The pre-printed issue statement states, among other things, includes information on the number of subscription rights received and the number of new shares that may be subscribed for. No separate securities notice showing the registration of subscription rights in the shareholder's securities account will be sent out. Those entered in the separate list of pledgees and trustees kept in connection with the register of shareholders will not receive an issue statement, but will instead be informed separately.

NOMINEE SHAREHOLDINGS

Shareholders with nominee registered shareholdings held with a bank or other nominee will not receive an issue statement from Euroclear Sweden AB. Notification of subscription and payment will take place in accordance with instructions from the nominee.

SUBSRIPTION RIGHTS

For every one (1) share in the Company held on the record date, one (1) subscription right will be received. Nine (9) subscription rights entitle to subscribe for one (1) new share.

TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights will take place on the NASDAQ OMX Stockholm during the period 19 November 2014 – 3 December 2014. Securities institutions with the necessary authorizations in Sweden can assist with buying and selling subscription rights. Customary commission will be charged.

SUBSCRIPTION WITH PREFERENTIAL RIGHTS

Subscription shall take place by payment during the period 19 November 2014 – 5 December 2014. After the subscription period, subscription rights that have not been exercised will become void and thus of no value. After 3 December 2014, subscription rights that have not been exercised will be deleted from securities accounts without further notification by Euroclear Sweden AB. The Board of Directors has the right to prolong the subscription period, which if exercised, will be announced no later than 5 December 2014.

SHAREHOLDERS RESIDENT IN SWEDEN

Subscription for the new shares by preferential right of shares shall be made by cash payment in accordance with the received pre-printed payment notice or by simultaneous cash payment and submission of an application form, at any of Carnegie's branches or at any other Swedish bank's branches or securities institutions for forwarding to Carnegie. Payment shall have occurred no later than 3.00 PM on 5 December 2014. The pre-printed payment notice which is attached to the pre-printed issue account statement should be used if all subscription rights, shown on the issue account statement as "equal subscription" are exercised. The application form as described below should not be used. The non-pre-printed payment notice attached to the application form should be used if subscription rights are purchased or sold, or transferred from another VPC account or if not all of the rights designated "equal subscriptions" in the Euroclear Sweden AB's issue account statement are exercised. Application forms will be distributed to those who, on the record date, were registered as shareholders in the Company and can also be obtained at Carnegie's branches or by telephone +46 (0)8 5886 94 86, or be downloaded from Carnegie's website, www.carnegie.se.

SHAREHOLDERS RESIDENT IN CERTAIN OTHER JURISDICTIONS THAN SWEDEN

The allotment of subscription rights and the issuance of new shares upon exercise of subscription rights to persons who are resident in, or citizens of, countries other than Sweden may be affected by securities legislation in such countries, see section "Important information" above. Consequently, subject to certain exceptions, shareholders whose existing shares are registered directly on a VPC account and whose registered address is in, *e.g.*, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or the U.S. will not receive this prospectus. Nor will they receive any subscription rights on their respective VPC accounts. The subscription rights which otherwise would have been registered for such shareholders will be sold and the sales proceeds, less deductions for costs, will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

SHAREHOLDERS RESIDENT OUTSIDE OF SWEDEN

Shareholders not resident in Sweden and unable to use the pre-printed payment notice must always complete the application form received. The application form should be sent to the address provided below and, in conjunction therewith, payment for subscribed shares shall be made in SEK through any bank via S.W.I.F.T to the below stated Swedish bank account.

Carnegie Investment Bank AB
Transaction Support
SE-103 38 Stockholm, Sverige
S.W.I.F.T: ESSESESS
Account no: 5221 10 00 363
IBAN: SE38 5000 0000 0522 1100 0363

At payment, the subscriber's name and address as well as VPC account must be given. Note that the payment and the application form must have been received by Carnegie, Transaction Support not later than 3.00 PM 5 December 2014.

PAID SUBSCRIBED SHARES ("BTA")

A few days following payment and subscription, Euroclear Sweden AB will send out a notice confirming that registration of BTAs has been made in the subscriber's VPC account. Subscribed shares are registered as BTA on the VPC account until the Rights Issue has been registered at the Swedish Companies Registration Office (Sw. *Bolagsverket*). Registration with the Swedish Companies Registration Office is expected to take place around 15 December 2014. Thereafter BTA will be converted into ordinary shares which will be registered on the shareholder's VPC account. A VPC account statement will not be distributed in connection with such conversion. BTA will be listed for trading on the NASDAQ Stockholm from and including 19 November2014 and is expected to be traded until 15 December 2014.

SUBSCRIPTION WITHOUT PREFERENTIAL RIGHT

Application for non-preferential subscription shall be made on a special application form. Application forms for non-preferential subscription can be obtained at Carnegie's branches or be downloaded from Carnegie's website, www.carnegie.se. Application for non-preferential subscription may be submitted by mail to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm, Sweden or by submitting the application form to one of Carnegie's branches. The application form must be received by Carnegie, Transaction Support, on 5 December 2014, at the latest. Observe that if the subscription refers to more than 7,000 shares, a certified copy of valid identification shall be attached in order for the application to be valid.

ALLOCATION

In the event that less than all shares are subscribed for with preferential rights, the Board of Directors shall decide on allocation of shares subscribed for without preferential right. Allocation shall be conducted according to the following:

Firstly, allocation shall be made to those who have applied for subscription and subscribed for shares by virtue of Subscription Rights, regardless of whether the subscriber was a shareholder on the Record Date or not, and, in case of over subscription, *pro rata* in relation to the number of Subscription Rights used by such persons for subscription of shares, and, where this is not possible, by drawing of lots.

Secondly, allocation shall be made to others who have applied for subscription without preferential right and, in case of over subscription, *pro rata* in relation to the number of shares stated in each subscription application, and, where this is not possible, by drawing of lots.

Finally, allocation of any remaining shares shall be made to persons who have underwritten the Rights Issue pursuant to agreements with the Company, whereby allocation shall be made in relation to the underwriting commitments.

As confirmation of allotment of non-preferential subscription for shares, a settlement note will be sent to the subscriber, which is on or about 10 December 2014. Payment of allotted shares shall be made in accordance with the instruction on the settlement note and be paid in cash no later than the second banking day after

notification of allotment has been received by the subscriber. The new shares will be delivered as soon as possible after the settlement day, which is estimated to be on or about 12 December 2014, with notice from Euroclear Sweden AB.

Note, shareholders whose holdings are registered with a nominee bank or other nominee, shall subscribe for new shares without preferential right through their nominee or in some cases nominees.

TRADING OF NEW SHARES

The Company's shares are traded on NASDAQ Stockholm and Frankfurt Stock Exchange. After the Swedish Companies Registrations Office has registered the Rights Issue, the new shares will be traded at NASDAQ Stockholm and Frankfurt Stock Exchange. The new shares are expected to be tradable on NASDAQ Stockholm and Frankfurt Stock Exchange, once the new shares are registered on the shareholders VPC accounts.

RIGHT TO DIVIDENDS

The new shares carry rights to dividends for the first time on the first dividend record date occurring after the registration of the new shares with the Swedish Companies Registration Office. The new shares will have the same right to dividend as the existing shares, see section "Share capital and ownership structure – Dividend policy".

OTHER INFORMATION

The Company is not entitled to discontinue the Rights Offering. In the event that a subscriber remits money for the new shares in excess of the amount owed, the Company will arrange for the excess sum to be refunded. A subscription for new shares, whether by exercise of subscription rights or not, is irrevocable and the subscriber may not cancel or alter a subscription for new shares. Incomplete or incorrectly completed application forms may be left without consideration. If the subscription payment is paid too late, is insufficient or made incorrectly, the subscription application may be left without consideration or subscription may be made for a lesser amount. In such case, any subscription payment not used for payment will be refunded.

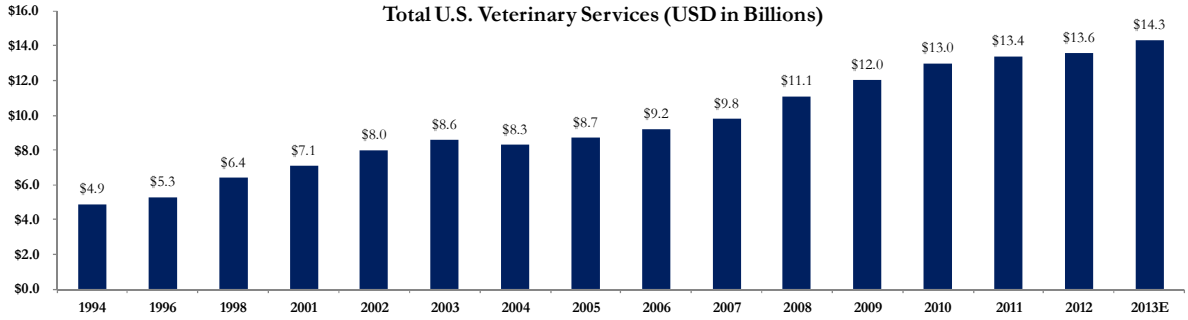
Only one subscription form of the same kind may be submitted. If more than one subscription form of the same kind is submitted, only the first subscription form received by Carnegie, Transaction Support, will be valid. Final outcome of subscriptions will be announced through a press release around 10 December 2014.

Market

The Company's initial development efforts are focused on the fields of veterinary and human oncology. The Company believes that its XR-17 technology can be applied to address commercially attractive opportunities in these two markets based on the limitations of existing therapies.

ANIMAL HEALTH MARKET OPPORTUNITY

The U.S. is the single largest pet market, with 83 million pet dogs and 96 million pet cats, according to the American Pet Products Association ("APPA") 2013-2014 National Pet Owners Survey. According to The European Pet Food Industry Federation 2012 Facts & Figures, there are approximately 60 million pet dogs and 64 million pet cats in the EU.



Source: American Pet Products Association. (http://www.americanpetproducts.org/press_industrytrends.asp)

Dogs in particular are receiving increased amounts of veterinary care. According to APPA, approximately 78% of dog owners in the U.S. treated their dogs with medications in 2010, as compared to 50% in 1998. The increased spending is largely due to a changing attitude of owners toward their pets, as they increasingly view pets as family members. Accordingly, owners are willing to seek quality medical care for their pets.

Due to the limited number of registered available oncology treatments for companion animals, the Company believes that there is a significant commercial opportunity to apply its XR-17 formulation technology within veterinary oncology. According to the Center for Cancer Research and CanineCancer.com, approximately six million dogs in the U.S. are diagnosed with cancer each year, of which approximately one third have cutaneous, or skin, cancers. Current treatments consist largely of surgery, chemotherapy, and radiation therapy. For dogs in need of chemotherapy, the standard of care has largely been the off-label use of chemotherapeutic agents for humans such as cisplatin, doxorubicin, carboplatin, and vincristine. Due to the fact that existing injectable chemotherapeutic agents have been formulated for humans and have not been optimized or been clinically tested for animals, combined with broad acceptance of their anti-cancer effect, the Company believes that its intravenous chemotherapy labelled specifically for use in dogs will be viewed favourably by the veterinary community and pet owners.

Based on the attributes of XR-17, the Company believes that there is a significant commercial opportunity to apply its proprietary XR-17 formulation technology within veterinary oncology to enable the safe delivery of well-established chemotherapeutics, approved for the first time, specifically for animal use.

Market drivers for veterinary cytostatic treatment

The Company considers the following drivers to be of particular significance in the market for cytostatic treatment of cancer in dogs, which is Oasmia's primary market within animal health[1]:

- Aging population
  - As in humans, age and cancer frequency have a strong correlation, which means that the number of cancer patients will increase as the average lifespan in the dog population increases.
- Stronger relationships between dogs and their owners
  - Relationships between dogs and owners become stronger. In addition, dog owners are becoming increasingly aware about different treatment options, and the will to pursue treatment increases.
- Increased awareness among veterinarians

[1] Vetnosis Ltd., "Oncology Insight, February 2008".

- Improved knowledge about diagnosing of cancer and cancer treatment, leads to more dogs receiving treatment. In addition, the access to oncology specialists has improved and veterinarians are becoming more and more willing to refer to specialists.

- More drugs are being approved for the treatment of animals
  - Today, drugs are being used that are not approved for the specific treatment, so-called off-label use, including drugs intended for humans. Veterinarians support the development of drugs specifically created for dogs as there is a great need for this type of medicine. The fact that more and more drugs are being approved for use in animals is expected to have a positive impact on the market development.
- The number of insured pets is increasing
  - The Company believes that more and more dogs are being insured, which means that there are more dogs that can be treated for cancer.

HUMAN ONCOLOGY MARKET OPPORTUNITY

Cancer is a serious, widespread and growing disease. According to the World Health Organization ("WHO"), approximately 8.2 million people died of cancer in 2012, and approximately 13.2 million deaths are expected by 2030, implying a 2.5% annual increase during that period.

Despite the development and introduction of new drugs to treat cancer, chemotherapeutic agents, used in combination with other treatments such as surgery or radiation, remain the primary treatment of cancer worldwide. Chemotherapeutic agents generally work by blocking cell division, thereby inhibiting the reproduction of cancer cells and suppressing tumour growth. Many new drugs that have obtained marketing approval for the treatment of cancer are used in combination with chemotherapeutic agents. In addition, many drug candidates in development across the industry, like most chemotherapeutics, are not water soluble and will require innovative formulations to enable intravenous use. The Company believes that the widespread use of chemotherapeutic agents worldwide and the potential use of the Company's XR-17 formulation technology with new drug candidates present a large commercial opportunity.

Market drivers in human cytostatic treatment

The Company considers the following drivers to be of particular significance in the market for cytostatic treatment of cancer, which is Oasmia's primary market within human health:

- Aging population with increased cancer incidence[1]
  - Age and cancer frequency have a strong correlation, which means that the number of cancer patients will increase as the average lifespan of the world's population continues to get longer.
- Improved access to diagnosis and treatment[2]
  - Thanks to improved diagnostics, cancer can be detected at an earlier stage in the disease progression than was previously possible. As a result, the number of patients is increasing while at the same time the period of treatment is extended, which in turn means that more cycles of cytostatic treatment will be needed.
- Rapidly growing global middle class
  - The rapidly growing global middle class carry with it that more people will be subject to cancer as they adopt a Western lifestyle[3] at the same time as more people will gain access to healthcare and pharmaceuticals. This leads to an increase in patients and that additional cycles of cytostatic will be needed.
- Increase of cancer cases in the development countries
  - Increased air pollution, more cigarette smoking and an increased lifespan contributes to more cancer cases.

ROUTE TO MARKETING APPROVAL FOR HUMAN DRUGS

[1] Cancerfonden, "Cancerfondsrapporten 2014".
[2] Cancerfonden, "Cancerfondsrapporten 2010".
[3] Cancerfonden "Cancerfondarapporten 2014"

Preclinical phase

In the preclinical phase scientists study the compound in experimental studies, initially on tissues and cell cultures, to determine whether a compound has the potential to slowdown the increase in cancer cells. Toxicological studies are performed on animals to discover any harmful effects in the new compound before it is administered to humans. Pharmacokinetic studies are conducted to determine what happens to the compound in the patient's body with respect to absorption, distribution, metabolism and secretion. The optimal type of preparation is also studied. A patent application is submitted as early as possible to protect the drug candidate.

Clinical phase I

In phase I the drug is tested in humans for the first time. This requires approval from the drug regulator based on the documentation from the preclinical studies and a plan for the structure of the study in question. The experimental group usually consists of healthy individuals, but cytostatic cannot, for example, be given to healthy individuals. The study covers safety, tolerance, pharmacokinetics and pharmacodynamics (e.g. the drug's effect on blood pressure).

Clinical phase II

Once the safety of the compound has been confirmed in phase I studies, phase II studies are conducted using patients with the disease which the products aims to treat when the products has entered the market. Phase II studies are designed to demonstrate the effect of the drug on a particular disease and the doses examined in phase I and to additionally confirm the safety and tolerance for the intended patient group.

Clinical phase III

In the phase III study the drug is compared to other drugs used to treat the same disease. The goal is usually to demonstrate an equal or better effect but the phase III study also entails the gathering of additional information with respect to safety, tolerance, etc. After the phase III studies are completed the documentation from the clinical studies is compiled in a market registration application to relevant drug regulators in relevant countries.

Marketing phase

Once the drug has been approved and registered it can be launched into the market and can start being used commercially.

Clinical phase IV

Phase IV studies can be conducted after the drug has been launched in the market in order to obtain more detailed information about the product's efficacy and safety. Attempts are made at this stage, for example, to ensure that no new, rare side effects have been discovered. Phase IV studies can also be requested by an authority.

THE ROUTE TO MARKETING APPROVAL FOR VETERINARY DRUGS

The process of obtaining marketing approval for veterinary drugs is largely the same as for human drugs. In addition to the information provided under "Market - The route to marketing approval for human drugs" above, the following should be taken into account:

- The clinical studies can be shorter for veterinary drugs.
- Since there are few drugs to compare with within veterinary medicine one has the possibility of comparing with placebo. The effect is assumed to be "better than" placebo and thus fewer patients are required for studies of veterinary drugs.
- No studies are carried out on humans, only on animals.
- The FDA may give conditional approval under certain circumstances.
- Phase IV studies, after marketing approval has been obtained, are not as common for veterinary drugs.

Operations

THE COMPANY IN BRIEF

Oasmia is a pharmaceutical company focused on innovative treatments within animal and human oncology. The Company's product and product candidates utilize a proprietary, nanoparticle formulation technology, XR-17, which has unique properties that are designed to facilitate the administration of poorly soluble active pharmaceutical ingredients (APIs). Therefore it is possible to avoid adding more or less toxic solvents. The Company believe that its formulation technology may result in improved safety and side effects profile, efficacy and a simplified way of administration over existing pharmaceutical products based on these ingredients.

HISTORY AND DEVELOPMENT

1990's

Oasmia's history goes back to a private research project within bio-organic chemistry initiated in 1990. The basic idea behind the project was to study the aging of the cell but became more focused on the task to create more effective cancer drugs with acceptable side effects compared to current treatment options.

The company was founded under its present name in 1999.

2000's

During the period 2003/2004 most of the basic research was completed concerning the company´s oncology platform based on XR-17. In the end of 2004, clinical trials were initiated on the company's first product candidate Paclical.

In 2005, Oasmia Pharmaceutical was introduced on NGM Nordic MTF. The company had then moved to new facilities intended for in-house GMP-production. In the same year the subsidiary Qdoxx Pharma was acquired. Throughout the same period the investments in Paclical continued and The Company acquired 51 percent of what today is Oasmia Animal Health AB.

In 2007 the new Animal Health department was formed. In the autumn of that year, Oasmia changed listing from NGM Nordic to NGM Equity in order to strengthen the trade in the Company's stocks. In late 2007, Oasmia signed a distribution and licensing agreement with Orion Corporation, Finland, for Paclical in the Nordic countries.

In 2007 and 2008, Paccal Vet® and Paclical respectively entered clinical Phase III. In the beginning of 2008, Oasmia signed a licensing agreement with Orion Corporation for Paccal Vet® as well. Countries initially included in the agreement were the Nordic countries, along with Poland, The Czech Republic and Hungary. At the end of 2008, Oasmia expanded the cooperation with Orion for Paccal Vet® to cover most of Europe.

In 2009, Oasmia was granted MUMS-status from FDA for Paccal Vet® for the indication mastocytoma grade II and III in dogs who have previously not received treatment except with cortisone. In 2009, Oasmia also signed a distribution and licensing agreement with American Abbott Laboratories for Paccal Vet® in the U.S. and Canada. The same year Paclical was granted Orphan Drug designation by the FDA for the indication ovarian cancer in the U.S.

2010

In early 2010, clinical Phase I/II trials were initiated with Doxophos® Vet. In the spring of 2010, a distribution and licensing agreement was signed with Japanese Nippon Zenyaku Kogyo Co. Ltd. for Paccal Vet® in Japan. Later in the spring, positive Phase III results were presented for Paccal Vet®.

In late June 2010, Oasmia changed stock exchange list from NGM Equity to NASDAQ OMX Stockholm. The change was performed in order to offer a more suitable market place for trading with the Oasmia's share.

In August 2010, the registration documentation for Paccal Vet® was submitted to the FDA and EMA

2011

In January 2011 Oasmia was listed on the Frankfurt Stock Exchange.

In March 2011 an agreement was signed with Baxter Oncology for commercial production of Oasmia's product candidates, primarily Paccal Vet® and Paclical.

In May 2011 an agreement was signed with Medison Pharma Ltd. concerning license and distribution rights for Paclical in Israel and Turkey.

In June 2011 Oasmia was granted MUMS by the FDA for Paccal Vet® in the indication Squamous Cell Carcinoma which previously had not been treated with cytostatic or radiation treatment.

In August the license agreement with Orion Corporation was terminated.

In November EU GMP approval was obtained for the manufacturing of animal health products.

2012

In January 2012 Oasmia was granted MUMS by the FDA for Paccal Vet® in the indication nonresectable stage III, IV or V mammary carcinoma, which previously had not been treated with cytostatic or radiation treatment.

2013

In January, the agreement with Abbott Laboratories was expanded to include Doxophos Vet and it became global, with the exception for Russia, CIS-countries, Ukraine, Turkmenistan, Georgia and concerning Paccal Vet®, Japan.

In December, Oasmia's production facility became approved for GMP-manufacture by the FDA. In 2014, it was also approved for manufacture of human pharmaceuticals by the EMA.

2014

In February, Oasmia was granted a conditional approval by the FDA for Paccal Vet®-CA1 for treatment of mammary tumors and squamous cell carcinoma.

DESCRIPTION OF THE COMPANY'S OPERATIONS

Oasmia is a pharmaceutical company focused on innovative treatments within animal and human oncology. The Company's product and product candidates utilize a proprietary, nanoparticle formulation technology, XR-17, that is designed to facilitate the administration of intravenously-delivered active pharmaceutical ingredients (APIs), without the addition of toxic solvents. The Company believe that its formulation may result in improved safety, efficacy and ease of administration over existing drugs.

The Company's lead product and product candidate (Paccal Vet® respectively Paclical) utilize paclitaxel, the active ingredient of Taxol and Abraxane, two widely used cancer drugs marketed by Bristol-Myers Squibb and Celgene, respectively. Based on the potential benefits of the Company's proprietary formulation technology, XR-17, the Company is pursuing a strategy to replace the use of existing paclitaxel-based products in multiple cancers with the Company's novel formulations. The Company also has one other animal oncologic product candidate (Doxophos Vet) and three human oncologic product candidates (Docecal, Doxophos and OAS-19) in pre-clinical and clinical development.

The Company believe that its strategy of applying its formulation technology to existing chemotherapeutic drugs will allow it to use the 505(b)(2) regulatory pathway in the United States. The 505(b)(2) regulatory pathway permits the filing of a New Drug Application (so called NDA), which is a simplified application, where some of the information required for approval is already known and which the applicant can refer to without conducting a complete clinical program of its own, i.e. only a phase III study.

XR-17 FORMULATION TECHNOLOGY

Drug Solubility: An Ongoing Issue in Drug Development

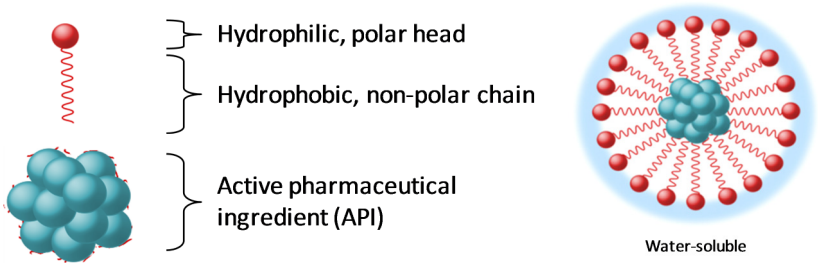
Solubility is a major challenge in the development of drug formulations; drugs that are not water-soluble cannot be easily delivered through the bloodstream to targeted tissues. Historically, salts have been used to increase solubility, however, this approach often only provides marginal improvements, particularly with larger, more complex, or highly hydrophobic (water-repelling) molecules. Newer, more effective methods of providing solubility have been successfully applied to commercial products, including the use of lipids, proteins, nanoparticles and mixed-micelles.

Within oncology, emulsifying solvents have typically been used in recent years to improve the solubility of chemotherapeutics. However, while these solvents create water-soluble formulations, many cause toxic side effects that limit the amount of active drug that can be administered to patients, or may require patients to be pre-treated with steroids and other medications.

XR-17 Overview

The Company has developed a patented, nanoparticle formulation technology, XR-17, which makes a single API or multiple APIs water soluble. XR-17 forms spherical structures called micelles, which consist of Vitamin A derivatives that encapsulate the active substance. A micelle containing a water insoluble substance consists of the active ingredient surrounded by XR-17 with the hydrophobic (water-repelling), non-polar chain pointing inwards towards the active ingredient and the hydrophilic (water-attracting), polar head pointing outwards (see below). The micelles are extremely small, 20 to 60 nm depending on the API, and are considered nanoparticles.

All of the Company's XR-17 based therapeutics undergo lyophilization, or freeze-drying, to improve shelf life, facilitate storage, and create a sterile powder form of the product for reconstitution before intravenous use.



XR-17 Advantages

XR-17 technology enables the encapsulation of individual APIs as well as combinations of multiple APIs with different solubility profiles. The beneficial properties of XR-17 technology have been affirmed in the Company's toxicological and clinical studies. The Company believes the following are possible advantages of XR-17:

- Improves solubility, which facilitates a safe way of administration APIs to animals and humans;
- Shortens infusion time, providing convenience for patients;
- Reduces severe hypersensitivity, allowing for higher dosage of APIs, given its reduced toxicity; and
- Improves dosing profiles of combination therapy by enabling dual encapsulation of water-soluble and water-insoluble APIs in one nanoparticle.

THE COMPANY'S PRODUCT AND PRODUCT CANDIDATES

The following table summarizes key information about the Company's product and its most advanced product candidates:

Commercial Rights		
Paccal Vet ® (paclitaxel)	**Paclical (paclitaxel)**	**Docecal (docetaxel)**
Abbott: Global (excluding Japan, Russia/CIS) **Nippon Zenyaku Kogyo:** Japan **Oasmia:** Russia/CIS	**Oasmia:** Global (excluding Israel, Turkey, Russia/CIS, Ukraine, Georgia and Turkmenistan) **Medison Pharma:** Israel and Turkey **Pharmasyntez:** Russia/CIS, Ukraine, Georgia and Turkmenistan	**Oasmia:** Global
Doxophos Vet (doxorubicin)	**Doxophos (doxorubicin)**	**OAS-19 (combination)**
Abbott: Global (excluding Russia/CIS) **Oasmia:** Russia/CIS	**Oasmia:** Global	**Oasmia:** Global

Stage of Development & Anticipated Milestones		
Paccal Vet ® (paclitaxel)	**Paclical (paclitaxel)**	**Docecal (docetaxel)**
Conditional U.S. approval received in February 2014 Conducting additional efficacy studies in dogs to support EMA approval, full U.S. approval and additional cancer indications Apply for marketing authorization with the EMA concerning the EU and with the FDA concerning the USA in the second half of 2017	Completed dosing in phase III trial vs. Taxol; progression free survival published in the second quarter of 2014 Apply for marketing authorization in EU during 2015 and in the U.S. during 2016 Applied for marketing authorization in Russia 2012 Initiate phase III clinical trials for metastatic breast cancer, weekly treatment, in 2015	Initiate phase I pharmacokinetic clinical trial in metastatic breast cancer in the first half of 2015 Initiate a clinical safety study in the first half of 2015 in Russia and Latvia on patients with metastatic breast cancer
Doxophos Vet (doxorubicin)	**Doxophos (doxorubicin)**	**OAS-19 (combination)**
Currently in a dose-finding clinical trial with results expected in the first half of 2015	A PK-study (phase I) is planned and results will form the basis for discussions on clinical requirements with the FDA and EMA for the indication metastatic breast cancer	Pre-clinical development work is ongoing

Paccal Vet® Overview

Paccal Vet® is a novel XR-17 based formulation of paclitaxel. Paclitaxel is a well-established, widely used chemotherapeutic that on its own is practically insoluble in water. Paccal Vet® is the Company's initial product in veterinary oncology. The Company's commercial partner, Abbott Animal Health (the animal health division of Abbot Laboratories), a leading animal health company, launched the product during summer 2014, which makes the Company eligible to receive proceeds from product sales and a step-by-step- increasing royalty that starts at a minimum approximately of one third of net sales.

Paccal Vet® is the first injectable chemotherapeutic agent authorized for marketing for the treatment of squamous cell carcinoma and mammary carcinoma in dogs. In February 2014, the Company received conditional approval under the Minor Use and Minor Species ("MUMS") designation in the U.S by the FDA for Paccal Vet®-CA1 for the treatment of non-resectable stage III, IV or V mammary carcinoma and non-resectable squamous cell carcinoma. The tumors may not have undergone previous treatment with either

cytostatic or radiation. This applies for both indications. Conditional approval allows veterinarians to treat dogs with Paccal Vet®-CA1 for the approved cancer diseases. When the company was granted a conditional approval in accordance with MUMS, the company's commercial partner Abbott Animal Health could begin sales of Paccal Vet®-CA1 in the USA. Conditional approval provides Oasmia with seven year's market exclusivity on the American market and allows the company to market/sell the product before all required efficacy data for a full approval is available. Conditional approval also enables the company to keep the product on the market through annual renewals for up to five years while the required efficacy data for a full approval is collected. The company now plans further efficacy studies in dogs in order to collect all necessary efficacy data for a full FDA approval of Paccal Vet® for mammary tumors and squamous cell carcinoma. The company intends to initiate these studies in the fourth quarter 2014.

In accordance with the discussions the company has held with EMA, the company is conducting a study for treatment of mast cell tumors. When the data has been collected, the company intends to apply for a market authorization concerning Paccal Vet® with the EMA in the first half of 2015.

In addition to the commercialization and development of Paccal Vet® for dogs, the company might also investigate the use of Paccal Vet® for cats.

Other than Paccal Vet®, there is no current injectable cytostatic with a specific approval for pets in the USA, even if pharmaceuticals for humans are often used outside their intended area of use.

Paclical Overview

Paclical is the Company's XR-17 formulation of paclitaxel for human use. The Company's XR-17 technology increases the solubility of paclitaxel without the use of toxic solvents, which the Company believes facilitates the ease of administration and allows for higher doses than some of the other existing products on the market.

Based on the potential benefits of XR-17, the Company is pursuing a strategy to replace the use of existing paclitaxel-based products in treating multiple types of cancer. Its initial focus is on obtaining regulatory approval for the treatment of ovarian cancer and expanding use through additional regulatory approvals, starting with breast cancer.

The Company have received orphan designation for epithelial ovarian cancer in the EU and in the U.S. based on the hypothesis that Paclical provides potential benefits to safety and tolerability compared to Taxol, which is currently used as a treatment for epithelial ovarian cancer. Both Paclical and Taxol are being administered in combination with carboplatin, a platinum-based chemotherapeutic that is the current standard of care for ovarian cancer.

Carboplatin has historically been given as a monotherapy for the treatment of ovarian cancer, but some studies have demonstrated an incremental survival benefit by adding Taxol. In June of 2014 the Company could inform that the study target for the phase III study had been achieved and in October 2014 the Company presented the results of the study. The Company expects a final clinical trial report in the fourth quarter of 2014. This data will serve as the basis of an MAA to the EMA, which the Company intend to submit in 2015. The Company will continue to follow patients from the Phase III clinical trial to measure overall survival and expect to have results in the second half of 2015. The Company expect to be able to utilize the Section 505(b)(2) regulatory pathway for Paclical in the United States.

In addition to the development of Paclical in ovarian cancer, the Company intend to enhance the commercial potential of Paclical by demonstrating the potential advantages of Paclical over other paclitaxel-based therapies in additional clinical trials. The Company believes that the data from its planned trials and other potential clinical trials supports its strategy to obtain approval for Paclical in multiple cancer indications. In addition, this data can be used in the Company's discussions with major organizations and physicians to help drive market acceptance of Paclical.

In addition to the Company's efforts in the EU and the U.S., the Company submitted an application for marketing authorization for Paclical in Russia in September 2012 and expects to receive notice on the application during the first quarter of 2015.

Docecal Overview

Docecal is the Company's patented formulation of docetaxel, the active ingredient in Taxotere, a widely used chemotherapeutic medication that generated annual worldwide sales of more than $2.8 billion in 2010, when its patent expired. Taxotere contains ethanol which is administered intravenously. Ethanol can have negative effects on patients. The FDA has issued specific warnings on injectable pharmaceuticals containing ethanol. Taxotere contains the solvent polysorbate 80, which is linked to adverse side effects such as acute hypersensitivity and edema. To minimize these effects, patients typically undergo premedication with steroids. Like Paclical, Docecal is free of toxic solvents. The Company believe Docecal may be able to deliver equal, or potentially greater, amounts of docetaxel as Taxotere without the effects of polysorbate 80 and, if approved, compete with Taxotere and generic versions of Taxotere.

The company is planning to initiate clinical trials with Docecal for treatment of metastatic breast cancer in the first half of 2015.

Doxophos Vet Overview

Doxophos Vet is a patented formulation of doxorubicin, one of the most effective and commonly used chemotherapeutic agents for the treatment of cancer, which the Company is developing for the treatment of lymphoma in dogs. Lymphoma is the most common cancer in dogs, and the FDA granted MUMS designation for Doxophos Vet for this indication. Treatment with Doxophos Vet has shown reduced cardiovascular side effects compared to standard treatments with doxorubicin. The Company is conducting a dose-finding study and the results are expected in the first half of 2015. Upon determining the dose in the dose ranging study, the Company intends to initiate a proof of concept study in dogs with lymphoma, which as a result of the MUMS designation, may enable the Company to apply for a conditional approval in the U.S. A large field study with Doxophos Vet is needed to obtain full approval, and this study is planned to commence following completion of the proof of concept study and discussions with FDA and EMA.

Doxophos Overview

Doxophos is a proprietary formulation of doxorubicin. Despite the efficacy of doxorubicin, significant cardiovascular toxicity, including irreversible cardiomyopathy, has been observed and the cumulative dose should not exceed 550 mg/m². The Company is planning to conduct a pharmacokinetic study in humans in 2015 to evaluate whether doxorubicin in the Company's proprietary formulation could have potential benefits over existing therapies.

OAS-19 Overview

Historically, chemotherapeutic agents were used as single agents. However, combination therapies have become standard treatment for a number of cancers, such as ovarian cancer, first line breast cancer, prostate cancer and lung cancer. OAS-19 is an XR-17 based combination of two widely-used chemotherapy drugs in a single micelle. OAS-19 applies a dual chemotherapeutic agent encapsulation and release mechanism in one infusion and may provide the Company with a new platform for further product candidate development. Through the combination of two possible cytostatic in one formulation the Company is of the opinion that OAS-19 may afford doctors the possibility of administrating cytostatic in one single infusion instead of two infusions, one after the other. The Company is of the view that the infusion times can be lowered this way, hospital stays be shortened and the treatment costs can be lowered. The Company is currently evaluating OAS-19 in pre-clinical studies.

OASMIA'S STRATEGY

The Company's goal is to establish Oasmia as a leading pharmaceutical company that develops and commercializes novel therapeutics based on the Company's proprietary, nanoparticle formulation technology for a variety of indications. Major elements of the Company's strategy include:

- ***Collaborate with Abbott Animal Health on the clinical development, regulatory strategy and commercialization of Paccal Vet®.*** The Company has formed a joint steering committee with Abbott Animal Health intended to oversee development and commercialization of Paccal Vet®. Abbott Animal Health is responsible for commercializing Paccal Vet® in the U.S., and the Company is entitled to receive tiered royalties from Abbott Animal Health that start at a minimum of approximately one third of net sales. The Company is responsible for providing commercial supply of Paccal Vet® to Abbott Animal Health. The Company plans to produce launch supply in its FDA-approved facilities and transition to its manufacturing partner Baxter Oncology GmbH over time. The Company is also conducting and plan to conduct additional clinical trials to support the full approval of Paccal Vet® in the U.S. and EU and plan to expand the label into additional cancer indications in dogs. The Company may also pursue development in cats.
- ***Obtain approval of Paclical in ovarian cancer and continue to pursue development in additional indications to replace the use of paclitaxel-based products.***
- The Company has been granted orphan designation for the use of Paclical for epithelial ovarian cancer in the U.S. and the EU. The Company has conducted a Phase III clinical trial with Paclical for the treatment of epithelial ovarian cancer and top-line progression free survival data was published in the second quarter of 2014. The results, which shows that Paclical has a positive risk/benefit profile, will form the basis for an application for marketing approval in the EU and other regions. The Company anticipates obtaining overall survival data from the Phase III clinical trial as well, in the second half of 2015. In addition, the Company intends to conduct additional studies to enable the extension of Paclical use, initially into metastatic breast cancer, then later to the other approved indications included in the labels for Taxol and Abraxane, such as non-small cell lung cancer and pancreatic cancer.
- ***Maximize the commercial potential of Paclical.*** Depending on the region and timing of a potential Paclical approval, the Company may seek to enter into regional or global license and commercialization agreements, as well as evaluate the possibility of directly commercializing Paclical ourselves using a targeted sales force to identify key cancer centers to support the launch of Paclical.

Advance the Company's additional development stage veterinary and human oncology programs. The Company's product candidate, Doxophos Vet, which is currently in a dose-finding study in dogs with results expected in the first half of 2015. Pending the results of the dose-finding study, the Company plans to evaluate Doxophos Vet in additional trials for cancer in dogs. The Company has three additional human oncology product candidates, Docecal, Doxophos, and OAS-19, in preclinical development. The Company intends to initiate pharmacokinetic studies for Docecal and Doxophos in 2015.

- ***Further capitalize on the Company's technology platform.*** The Company believes its proprietary formulation technology is broadly applicable and it plans to pursue licensing opportunities for new indications, other compounds, whether new or already on the market, and compounds with other modes of administration. During the summer of 2014 the Company entered into a research agreement with a multi-national pharmaceutical company for the use of the Company's formulation XR-17.

BUSINESS MODEL

Production

The company's production facility was approved for manufacture of cytostatic by the Swedish Medical Products agency in the spring of 2014. The approval concerns manufacture for sales of pharmaceuticals for human use within the EU. Oasmia also has approval from the Swedish MPA to manufacture Paccal Vet®. The production facility in Uppsala also has undergone a Pre-Approval Inspection for production of Paccal Vet® by the FDA with a satisfactory result. Based on that approval, the company can start production and supply Abbott Animal Health with product for launch of Paccal Vet®. The Company also has a GMP-approval from the Swedish MPA to manufacture all product candidates for clinical trials in the Company's own production facilities in Uppsala.

The Company has, since 2011, a co-operations agreement with Baxter Oncology for the contract manufacturing of Paclical and Paccal Vet® which in 2014 was expanded also to comprise future products. During 2011 and 2012, Oasmia completed supplementary adaptations to Baxter's production plant in order to enable commercial production. Production techniques and methods have gradually been transferred to Baxter where commercial production subsequently takes place. Labelling, packaging and distribution to licensees is performed in-house by Oasmia.

During the product development phase, Oasmia will produce product candidates for clinical trials and for the launch of new products at its own production facility in Uppsala.

Agreements with Baxter entail that Oasmia has access to high-quality facilities that have undergone several official inspections and fulfil all relevant requirements, while Oasmia can focus on the pharmaceutical development.

Marketing and sales

Oasmia licenses sales and distribution rights to global pharmaceutical companies with established channels. The point in time when licensing and distributions agreements are concluded with business partners depends primarily on the development stage of the product candidate and the market situation. These agreements entitle Oasmia to milestone payments and royalties on future sales.

For more information, see section "Legal and supplementary information" below.

Organization

As of 31 July 2014, Oasmia had 75 employees, most of whom are active in the production and quality assurance and quality control. Most of the employees have academic degrees or PhDs and have experience from earlier drug development to clinical development phase. The Company also has staff with extensive experience in regulatory affairs, which is crucial in order to obtain necessary regulatory approvals.

NUMBER OF EMPLOYEES			
2014-07-31	2013-07-31	2014-04-30	2013-04-30
75	**76**	**78**	**75**

Raw Materials

The Company's most important raw materials are two different types of retinoic acids, 13 Cis Retinoid Acid and AllTrans Retinoid Acid, and a third compound known as L-Cysteic acid methyl ester. Both of the retinoic acids are manufactured and sold by numerous suppliers that meet the Company's demands for quality and documentation. Sigma-Aldrich Production GmbH manufactures L-Cysteic acid methyl ester specifically for the Company.

Selected financial information

Presented below is Oasmia's financial development for the financial years 2012/2013 and 2013/2014. The information is derived from audited consolidated financial statements prepared in accordance with IFRS unless otherwise stated. The information is also derived from the interim report for the period 1 May 2014 – 31 July 2014, prepared in accordance with IFRS but have not been audited or reviewed by an auditor. The information contained in this section should be read in conjunction with the documents incorporated in this Prospectus trough reference.

SUMMARY OF CONCOLIDATED INCOME STATEMENT				
	2014	2013	2013/14	2012/13
SEK '000	May–July	May–July	May–April	May–April
Net turnover	994	-	60	-
Capitalized work for own account	4,501	7,286	29,464	46,229
Other operating income	92	4,299	4,454	2,524
Other operating expenses	-35,937	-28,570	-132,069	-116,336
Operating profit	**-30,351**	**-16,985**	**-98,091**	**-67,583**
Operating profit after tax	**-32,989**	**-18,224**	**-105,112**	**-72,381**
Profit for the period	**-32,989**	**-18,224**	**-105,112**	**-72,381**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
SEK '000	2014-07-31	2013-07-31	2014-04-30	2013-04-30
ASSETS				
Fixed assets	418,702	390,550	414,106	383,368
Whereof tangible fixed assets	*24,783*	*25,182*	*24,401*	*26,161*
Whereof intangible fixed assets	*393,917*	*365,365*	*389,704*	*357,206*
Whereof financial fixed assets	*2*	*2*	*2*	*2*
Current assets	66,310	44,052	54,276	69,895
Whereof cash and cash equivalents	58,088	38,829	48,241	62,956
TOTAL ASSETS	**485,013**	**434,601**	**468,383**	**453,263**
EQUITY				
Share capital	8,807	8,177	8,557	8,177
Other capital contributions	687,506	573,439	640,924	573,439
Retained earnings	-400,564	-280,687	-367,574	-262,463
TOTAL EQUITY	**295,750**	**300,929**	**281,907**	**319,153**
LIABILITIES				
Non-current liabilities	891	891	891	891
Current liabilities	188,372	132,781	185,584	133,219
TOTAL LIABILITIES	**189,263**	**133,672**	**186,476**	**134,110**
TOTAL EQUITY AND LIABILITITES	**485,013**	**434,601**	**468,383**	**453,263**

SUMMARY OF CONSOLIDATED CASH FLOW				
	2014	2013	2013/14	2012/13
SEK '000	May–July	Maj–July	May–April	May–April
Cash flow from operating activities	-31,058	-15,700	-86,899	-71,946
Cash flow from investing activities	-5,927	-8,428	-35,682	-57,388
Cash flow from financing activities	46,832	-	107,865	190,263
Cash flow for the period	**9,847**	**-24,128**	**-14,716**	**60,928**
Cash and cash equivalents at beginning of period	48,241	62,956	62,956	2,028
Cash and cash equivalents at end of period	**58,088**	**38,829**	**48,241**	**62,956**

KEY PERFORMANCE INDICATORS, CONSOLIDATED				
	2014	2013	2013/14	2012/13
SEK '000	May–July	May–July	May–April	May–April
Operating margin, %	neg	neg	neg	neg
Profit margin, %	neg	neg	neg	neg
Return on total capital, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Capital structure				
Equity/assets ratio, %	61	69	60	70
Net debt, SEK '000	86,912	66,171	96,759	42,044
Debt/equity ratio, %	29	22	34	13
Data per share				
Number of shares at the end of period, before and after dilution, thousands	88,072	81,772	85,572	81,772
Weighted average number of shares, before and after dilution, thousands[1)]	86,197	81,772	82,272	68,605
Earnings per share, before and after dilution, SEK[1)]	-0.38	-0.22	-1.28	-1.06
Equity per share, SEK	3.36	3.68	3.29	3.90
Dividend per share, SEK	-	-	-	-
Personel				
Number of employees at end of period	75	76	78	75

1) Certain historical figures have been readjusted by reason of bonus issue elements in the rights issue that was made during the third quarter 2012/2013.

Definitions
Operating margin – Operating profit relative to net sales
Profit margin – Profit after financial items relative to net sales
Return on total capital – Earnings before interest expenses relative to average total assets
Return on shareholder's capital – Profit before tax relative to average equity
Equity/assets – Equity relative to total assets
Net debt – Total borrowings (containing short-term and long-term borrowings and liabilities to credit institutions) minus cash and cash equivalents
Gearing – Net debt relative to equity
Earnings per share – Net profit attributable to the shareholders relative to the weighted average number of shares, basic and diluted for the period
Equity per share – Shareholder's equity divided by the number of shares at the end of the period

SIGNIFICANT CHANGES IN FINANCIAL CONDITION AND OPERATING PROFIT AFTER 31 JULY 2014

- On 30 September 2014, the Company received, according to its financial plan, a new bank loan amounting to SEK 40 million, with duration 1 October – 30 December 2014, which replaced a previous bank loan that was due for payment on 30 September 2014.

Capital structure and other financial information

EQUITY

The chart below reproduces information in consolidated equity and interest-bearing liabilities as of 30 September 2014.

CONSOLIDATED EQUITY AND LIABILITIES

SEK '000	2014-09-30
Current liabilities	
Secured by collateral	-
Secured by surety	-
Unsecured credits[1)]	187,435
Total current liabilities	**187,435**
Non-current liabilitites	
Secured by collateral	-
Secured by surety	-
Unsecured credits[2)]	891
Total non-current liabilities	**891**
Equityl	
Share capital	8,807
Statutory reserve	4,620
Other reserves	264,601
Total equity	**278,028**

1) Whereof interest-bearing liabilities constitute SEK 145,000.
2) SEK 891,000 consists of prepaid income derived from a licensing and distribution agreements which may be subject to repayment (see "Material agreements" in the section "Legal and supplementary information").

NET DEBT

The chart below states the consolidated interest-bearing net debt as of 30 September 2014.

CONSOLIDATED NET DEBT

SEK '000	2014-09-30
A) Cash and cash equivalents	37,456
B) Short-term financial investments	-
C) Marketable securities	-
D) Total liquidity (A+B+C)	**37,456**
E) Current receivables	
F) Short-term bank loans	40,000
G) Current portion of non-current liabilities	-
H) Other current liabilities	105,000
I) Total current liabilities (F+G+H)	**145,000**
J) Net current debt (I-E-D)	**107,544**
K) Long-term bank loans	-
L) Bonds issued	-
M) Other long-term loans	-
N) Total non-current liabilities (K+L+M)	**-**
O) Net debt (J+N)	**107,544**

SIGNIFICANT CHANGES IN EQUITY, DEBT AND NET DEBT SINCE 30 SEPTEMBER 2014

On 30 September 2014, the Company received, according to its financial plan, a new bank loan amounting to SEK 40 million, with duration 1 October – 30 December 2014, which replaced a previous bank loan that was due for payment on 30 September 2014.

No other significant negative changes have taken place in the Group's equity, debt and net debt since 30 September 2014.

ARRANGEMENTS IN REGARDS TO FINANCING

For a statement regarding the Company's arrangements in regards to financing, see the description of the Company's creditor agreements in section "Legal and supplementary information" below.

STATEMENT OF WORKING CAPITAL

Oasmia's working capital requirements are associated with operational costs and investments, expenses for clinical studies and costs for fulfilling the Company's obligations to its creditors, and amounts to approximately SEK 230 million during the next twelve months.

The Board of Directors of Oasmia believes that the available working capital, as of the date of this prospectus, is insufficient for its needs during the next twelve months. This statement is based on the fact that, as of the date of this prospectus, the available working capital consists of the Company's cash and committed credit facilities, which together amount to approximately SEK 72 million.

In light of the assumptions above, the total deficit in working capital during the next twelve months amount to approximately SEK 158 million and the deficit would arise in late 2014, when loans to creditors are due. However, the Company has no commitments regarding the implementation of the planned investments or clinical trials and these may be terminated at any time. In such case, the Company may, however, postpone projects. The postponement of projects can result in Oasmia having to repay milestone payments which it has already received.

The Rights Issue – which is covered by subscription commitments and underwriting guarantees in its entirety – is expected to bring Oasmia approximately SEK 185 million in cash, after issue related costs.

With regard to the current liquidity, available credit facilities and the proceeds from the Rights Issue, which are expected to amount to approximately SEK 165 million after issue related costs and provided that part of the loans which mature at the year-end 2014 are extended, the Board of Directors considers that the Group has access to sufficient funding to execute the current plan during the next twelve months. The Company has a strong belief that the loans which mature at the year-end 2014 will be extended and that this will occur sometime in December 2014.

INVESTMENTS

1 May 2012 – 30 April 2013

During the financial year 1 May 2012 –30 April 2013, investments in intangible fixed assets amounted to SEK 57.2 million (SEK 71.9 million) and investments in tangible fixed assets amounted to SEK 4.4 million (SEK 2.9 million). Capitalized work for own account comprised SEK 46.2 million (SEK 62 million) of the investments in intangible fixed assets. The investments in tangible fixed assets consisted mainly of investments in production equipment.

1 May 2013 – 30 April 2014

During the financial year 1 May 2013 – 30 April 2014, investments in intangible fixed assets amounted to SEK 33.5 million (SEK 57.2 million) and investments in tangible fixed assets amounted to SEK 2.1 million (SEK 4.4 million). Capitalized work for own account comprised SEK 29.5 million (SEK 46.2 million) of the investments in intangible fixed assets. The investments in tangible fixed assets consisted mainly of investments in production equipment.

1 May 2014 – 31 July 2014

During the period 1 May 2014 – 31 July 2014 investments in intangible fixed assets amounted to SEK 4.5 million (SEK 8.4 million) and investments in tangible fixed assets amounted to SEK 1.4 million (SEK 0). Capitalized work for own account comprised SEK 4.5 million (SEK 7.3 million) of the investments in intangible fixed assets. The investments in tangible fixed assets consisted mainly of investments in production equipment.

On-going and planned investments

Oasmia has current investments in intangible fixed assets through capitalizing costs for clinical trials in phase III attributable to the product candidates Paccal Vet® and Paclical. These investments amounted to SEK 4.5 million during the first quarter 2014.

Oasmia has current investments in production capacity both in its own facility in Uppsala and with the contract manufacturer Baxter in Germany. The investments consist of machines and inventories of which no single object represents a significant amount.

The Group has at present no substantial ongoing or planned investments.

TANGIIBLE FIXED ASSETS

There are no known environmental factors that affect the Company's use of the tangible fixed assets.

FINANCIAL RESOURCES

Cash flow

This section contains a comparison of different opening balances in the Company's cash flow analysis between the periods May – July 2014 and May – July 2013 where the numbers in round brackets pertains to closing balance for the period May – July 2013. Moreover, a comparison is made of different opening balances in the Company's cash flow analysis between financial years 2013/2014 and 2012/2013, where the numbers in round brackets pertains to closing balance 2013/2014.

Comparison between the periods May – July 2014 and May – July 2013

During the period May – July 2014 the cash flow from operating activities amounted to SEK -31.1 million (SEK -15.7 million). The deterioration compared to the corresponding period the previous year is attributable to significantly lower operating profit and a small increase in working capital.

Cash flow from investing activities amounted to SEK -5.9 million (SEK -8.4 million).

Of the investments, SEK 4.5 million (SEK 8.4 million) consisted of intangible fixed assets, which consist of capitalized work for own account amounting to SEK 4.5 million (SEK 7.3 million) and of patents amounting to SEK 0 million (SEK 1.1 million). Investments in tangible fixed assets amounted to SEK 1.4 million (SEK 0 million), predominantly production equipment.

Comparison between 2013/2014 and 2012/2013

During 2013/2014 the cash flow from operating activities amounted to SEK -86.9 million (SEK -71.9 million). Cash flow from investing activities amounted to SEK -35.7 million (SEK -57.4 million). The lower level of investments was attributable to both capitalized work for own account as well as other intangible fixed assets and tangible fixed assets.

The investments consisted of an amount of SEK 33.5 million (SEK 57.2 million) in intangible fixed assets, of which capitalized work for own account amounted to SEK 29.5 million (SEK 46.2 million) and patents and other intangible fixed assets amounted to SEK 4.1 million (SEK 11.0 million).

The investments consisted of an amount of SEK 2.1 million (SEK 4.4 million) in tangible fixed assets, predominantly production equipment.

Limitations in the use of the capital

Se above in this section "Statements of Working Capital" and the section "Legal and Supplementary information – Material agreements" below.

TRENDS

Cancer is an age-related disease and the number of patients is increasing as the population's average lifespan increases. In 2010, the global cancer market generated revenues of USD 33 billion and has an expected average annual growth of 5.7 percent during 2010–2017.[1] One of the drivers in the market is the development of new methods for the diagnosis of cancer, which means that the number of patients in treatable stages increases.

In the U.S. and Europe, the number of pets is growing. In addition, households are more likely to spend money on their pets, which leads to a larger share of companion animals undergoing veterinary treatment both for cancer and other diseases. Cancer in animals is similar to cancer in humans and the risk to be affected increases with age.

A number of clinical trials within oncology are on-going and there is competition over patients for these trials. The companies on the market are also noticing a price pressure as the number of drugs whose patents are expiring increases and due to governments around the world becoming increasingly cost-conscious. The Company believes that there is some excess production capacity, to some extent as a result of mergers in the industry, which the Company believes could exert price pressure also on the production side.

The Company conducts limited production, selling and stockpiling, and does not have expenses in such a way that any particular trend during the current financial year up to the date of the publication of this prospectus can be observed.

In the autumn of 2014, the Company completed the report over the Paclical phase III study which will form the basis for an application for marketing approval from EMA.

During the first quarter of 2015, notice is expected from Russian authorities on the application for marketing approval which was submitted in September 2012 for Paclical.

During the second half of 2015, the compilation of survival data from the Paclical phase III study is expected to be completed which is required for an application for marketing approval from the FDA.

During 2015, a phase II study for Doxophos Vet will be undertaken which will form the basis for an application for conditional marketing approval from the FDA.

KEY EVENTS AFTER 31 JULY 2014

On 30 September 2014, the Company received, according to its financial plan, a new bank loan of SEK 40 million with duration of 1 October 2014 – 30 December 2014. The bank loan replaced a previous loan which was due for payment 30 September 2014.

In connection with the annual shareholders meeting, held on 29 September 2014, Jan Lundberg and Martin Nicklasson resigned from the board of directors and Hans Sundin was elected as a board member.

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[1] GBI Research, 2011, "Oncology Therapeutics Market to 2017 – High Unmet Need in the Management and Treatment of Metastatic Cancers to Drive Drug Development".

Anders Lundin assumed his position as CFO on 11 August 2014. Anders Blom assumed his position as Executive Vice President of the Company on 1 October 2014.

Share capital and ownership structure

SHARE INFORMATION

According to Oasmia's current Articles of Association adopted at the Annual General Meeting on 30 September 2011, the share capital shall not be less than SEK 3,350,000 and not more than SEK 13,400,000 divided amongst no less than 33,500,000 shares and no more than 134,000,000 shares. As of 30 April 2014, the Company's registered share capital amounted to SEK 8,557,233 divided amongst 85,572,330 shares, all of which are fully paid for. As of the date of this Prospectus, the Company's registered share capital amounted to SEK 8,807,233 divided amongst 88,072,330 shares, all of which are fully paid. The Company does not hold any shares in the Company. The Company has only one class of shares which have a quotient value of SEK 0.10 each. The current shares are, and the new shares will be, issued in accordance with Swedish law and denominated in SEK.

All shares have equal rights to the Company's assets and earnings, and are entitled to one vote at the General Meeting. At the General Meeting, every shareholder may vote to the full extent of their shares held or represented, without limitation. Each share entitles the shareholder to the same preferential rights related to issues of shares, warrants and convertible bonds relative to the number of shares they own and have equal rights to dividends and any surplus capital upon liquidation. Shareholder's rights can only be changed in accordance with the procedures set out in the Swedish Companies Act (2005:551) Transfers of shares are not subject to any restrictions.

The Rights Issue will, if fully subscribed, cause the number of shares in the Company to increase from 88,072,330 to 97,858,144 shares, representing an increase of 11.0 per cent. Shareholders who refrain from subscribing for shares in the Rights Issue will be affected by a dilution of at most 9,765,814 new shares corresponding to at most about 10.0 per cent of the total number of shares in the Company after the Rights Issue.

The shares are not subject to any offer made due to a mandatory bid obligation, redemption right or redemption obligation, nor have the shares been subject to a public takeover offer during the current or the past financial year.

DEVELOPMENT OF THE SHARE CAPITAL

The chart below shows changes in the share capital from and including 2012

DEVELOPMENT OF THE SHARE CAPITAL SINCE 2012

Year	Event	Change in the number of shares	Total number of shares	Change of the share capital	Total share capital	Quotient value
2012	New share issue	24,531,699	81,772,330	2,453,169.9	8,177,233	0.10
2014	New share issue	3,800,000	85,572,330	380,000	8,557,233	0.10
2014	New share issue	2,500,000	88,072,330	250,000	8,807,233	0.10
2014	Rights issue	9,785,814	97,857,944	978,581.4	9,785,814.4	0.10

AUTHORIZATION TO ISSUE SHARES

The Board of Directors has resolved on the Rights Issue, according to an authorization given by the Annual General Meeting on 29 September 2014, according to which the Board of Directors was authorized, during the period up to the next Annual General Meeting, to decide, on one or more occasions, to issue new shares with or without preferential rights for existing shareholders and for a cash payment and/or with contribution in kind or by set-off or in another manner subject to terms and conditions in accordance with Chapter 13, Section 7 of the Swedish Companies Act, and to issue warrants for a cash payment and/or with contribution in kind or by set-off or in another manner subject to terms and conditions in accordance with Chapter 14, Section 5 of the Swedish Companies Act, and to issue convertible bonds for a cash payment and/or with contribution in kind or by set-off or in another manner subject to terms and conditions in accordance with Chapter 15, Section 5 of the Swedish Companies Act. In deviating from the preferential rights, the new shares and convertibles must be issued at a price connecting to the share price at the time of the new share issue, less any market-related discount the Board of Directors considers necessary.

The total number of shares issuable under the authorization is limited to 20,000,000. The total number of warrants issuable under the authorisation is limited to the number of warrants that entitles to the subscription of 20,000,000 shares. The total number of convertible bonds issuable under the authorisation is limited to the number of convertible bonds that are convertible into 20,000,000 shares. In deviating from the preferential

rights, the new shares, warrants and convertibles must be issued at a price connection to the share price at the time of the new share issue, less any market-related discount the Board of Directors considers necessary.

The Issue authorization was registered with the Swedish Companies Registration Office on 24 October 2014.

OWNERSHIP STRUCTURE

As of 31 October 2014 (including thereafter known changes) the ownership of the Company was divided among the ten largest shareholders as per the table below. All shares have the same voting rights.

OWNERSHIP STRUCTURE

Name	No. of shares	% of vote and capital
Alceco International S.A.	34,503,272	39.2 %
Nexttobe AB	17,641,956	20.0 %
Försäkringsaktiebolaget Avanza Pension	4,102,239	4.7 %
Goldman Sachs International LTD	3,132,880	3.6 %
JP Morgan Bank	1,854,932	2.1 %
JP Morgan Clearing Corp	1,744,543	2.0 %
Liv & Pension, Nordea	1,723,691	2.0 %
Nordnet Pensionsförsäkring	1,319,581	1.5 %
CATELLA SMÅBOLAGSFOND	990,200	1.1 %
Svenska Handelsbanken AB	842,338	1.0 %
Others	20,216,698	22.0 %
Total	**88,072,330**	**100 %**

CENTRAL SECURITIES DEPOSITORY AND LISTING

Oasmia's Articles of Association contain a so-called record day provision and the Company's shares are registered in an electronic securities register pursuant to the Financial Instruments Accounts Act 1988.Euroclear (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden) keeps this register as the central securities depository, which means that no share certificates have been issued for the Company's shares or are to be issued for the new shares. Oasmia's shares have been listed on the NASDAQ Stockholm since 24 June 2010, where the shares are traded on the Small Cap segment under the ticker OASM. Since 24 January 2011, Oasmia's shares are also listed on the Frankfurt Stock Exchange, where the shares are traded under the ticker OMAX. The ISIN code for the Oasmia share is SE0000722365.

SHAREHOLDERS' AGREEMENT

Oasmia's Board of Directors is not aware of any shareholders' agreements or other agreements that could lead to a change of control over the Company.

SHARE BASED INCENTIVE PROGRAMS

At the time of this prospectus, there are no share-based incentive programs for employees in the Company.

DIVIDEND AND DIVIDEND POLICY

Oasmia has never paid out any dividends (other than reimbursement of shareholder contributions to Oasmia S.A.[1] in 2007). As Oasmia will, over the next few years, be in a phase of developing the Company's product portfolio, any surplus capital will be invested in the business. Therefore, the Board of Directors does not intend to propose that a dividend should be paid for the current year or commit itself to a fixed dividend pay-out ratio. If Oasmia's cash flow from operating activities subsequently exceeds the Company's capital requirements, the Board of Directors intends to propose the general meeting to resolve on dividend. In the current situation it is unclear if and when dividends will be paid out.

Dividend payments, if any, are authorised by the general meeting and the payments are managed by Euroclear. Dividend may only be paid to such an amount that there is full coverage for the Company's restricted equity after the payment, and only if the payment is considered defensible considering (i) the requirements imposed by the business, scope and risks on the size of the equity, and (ii) the Group's and the Company's need to strengthen the balance sheet, liquidity and financial position (so called prudence rule). As a general rule, shareholders may not resolve on dividend to a greater amount than what is proposed or approved by the Board of Directors.

[1] Oasmia S.A. is the former name for Alceco International S.A.

Only those who are holders of shares and registered in the share register held by Euroclear on the record date determined by the general meeting are entitled to a possible dividend. If shareholder cannot be reached through Euroclear, the shareholder's claim on the Company in respect of the dividend payment will remain and is limited only by the ten year rules of limitation. In the event of limitation, the dividend goes to the Company. Neither the Swedish Companies Act nor Oasmia's articles of association contain any restrictions regarding the right to dividend for shareholders outside Sweden. In addition to any restrictions imposed by the bank or clearing system in relevant jurisdictions, payment to such shareholders will be conducted in the same manner as is conducted to shareholders resident in Sweden. For shareholders with limited tax liability in Sweden, a withholding tax on dividends known as "coupon tax" is normally deducted, see section "Tax issues in Sweden".

LOCK UP-AGREEMENT

Alceco International S.A., Nexttobe AB and SSE Opportunities Limited have obligated to Carnegie not to reduce their holdings in Oasmia as from and including 10 November 2014, when their subscription and guarantee commitments were entered into up to and including the day of the announcement of the outcome of the Rights Issue. Carnegie may in writing afford an exception from this commitment.

The Board of Directors, senior management and auditors

THE BOARD OF DIRECTORS

Joel Citron (Born 1962)
Chairman of the Board since 2011.
Education: Master of Arts in Economics and Bachelor of Business Administration from University of Southern California.
Other assignments: CEO of Tenth Avenue Holdings LLC, chairman of Tenth Avenue Commerce LLC, chairman of Avenue income Credit Fund, chairman of Avenue Credit Strategies Investors, director of Boulevard Acquisition Corp., director of Attivio Inc., director of Hello Products LLC, chairman of Board of Trustees Abraham Joshua Heschel School, director of University of Southern California Shoah a Foundation Institute and director of Starfall Education Foundation.
Partnerships/significant influence: -
Previous positions in the past five years: Director of Communications Capital Group, Director of Symbius Medical, Director of Trustees of Kivunim.
Other information: Joel Citron has extensive experience working in senior positions within investment and operating companies in Europe and the U.S. Joel Citron is independent of the Company's major shareholders, the Company and its management
Shares held: -

Horst Domdey (Born 1951)
Board member since 2011.
Education: PhD in Biochemistry at Max Planck Institute and the Ludwig Maximilians University.
Other assignments: Chairman of Munich Biotech Cluster and President and CEO of Bio-M AG and Bio-M GmbH. Chairman of the Supervisory Committee for Medigene AG.
Partnerships/significant influence:-
Previous positions in the past five years: -
Other information: Horst Domdey has extensive experience in biochemistry and molecular biology. He has previously held various positions at the Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), University of California and California Institute of Technology. Horst Domdey has also been an associate professor in biochemistry at the Ludwig Maximilians Universität München. Horst Domdey is independent of the Company's major shareholders, the Company and its management.
Shares held: -

Bo Cederstrand (Born 1939)
Board member since 2000.
Education: -
Other assignments: Deputy Board member of Fruges Aktiebolag.
Partnership/significant influence: Alceco International S.A.
Previous positions in the past five years: -
Other information: Bo Cederstrand has about 40 years of experience as CEO and partner in a number of small and medium-sized companies, primarily in commerce. He has extensive experience in international trade and production and has been very active within trade branch associations. Bo Cederstrand is not independent of the Company's major shareholders, the Company and its management.
Shares held: 126,000 personal shares, 34,503,272 shares through Alceco International S.A. of which Bo Cederstrand, together with Julian Aleksov, has a controlling influence.

Julian Aleksov (Born 1965)
Board member since 1999. CEO since 2000.
Education: Upper secondary business and economics
Other assignments: -
Partnerships/significant influence: Alceco International S.A.
Previous positions in the past five years: -
Other information: Julian Aleksov is one of the founders of Oasmia. He has extensive experience in coordinating research projects and strategic development of global intellectual property assets. Julian Aleksov is not independent of the Company's major shareholders, the Company and its management.
Shares held: 148,650 personal shares, 34,503,272 shares through Alceco International S.A. of which Julian Aleksov, together with Bo Cederstrand, have a controlling influence.

Hans Sundin (Born 1945)
Board member since 2014.
Education: Pharmacist at Uppsala University.
Other assignments: Board member of Loxia Consulting AB.
Partnership/significant influence: Loxia Consulting AB.
Previous assignments in the past five years: Board member and CEO of Vitamex Manufacturing AB.
Other information: Hans Sundin has extensive international experience in leading positions in the pharmaceutical industry, primarily in manufacturing, quality control and project management, such as setting up new manufacturing facilities. Hans Sundin is not independent of the Company and its management.
Shares held: 5,000 personal shares.

Alexander Kotsinas (Born 1967)
Chairman of the board since 2013.
Education: M.Sc. from the Royal Institute of technology and M.Sc. in Business Administration from Stockholm School of Economics.
Other assigments: Chairman of AllgoTech AB, board member of Delta Projects AB, Chariman of Equidx AB, deputy board member of Fiberdata AB, deputy board member of Fiberdata Integration AB, board member of Fingerprint Cards AB, board member of Linum AB, board member of Lokon Pharma AB, board member of Madraque Capital Partners AB, chairman of Network Automation MXC AB, chairman of Nordia Innovation AB, board member of Scint-X AB, chairman of Svenska Brandslangsfabriken AB, board member of Sweden Carnica Group AB, chairman of Tanea Medical AB, deputy board member of Vivalavida AB.
Partnerships/significant influence: -
Previous positions in the past five years: board member of Adderma AB, board member of Bencar AB, board member of Care of Company AB, deputy board member of 3S Stadsnät Som Samverkar AB, board member of Linum Sverige AB, deputy board member of OpenNet International in Europe AB, deputy board member of Q-Med Nordic AB, deputy board member of Q-Med Real Estate AB and deputy board member of Sweden Carnica Optionsförvaltning AB.
Other information: Alexander Kotsinas was the vice-president and CFO at Q-Med 2008–2011. He has also been CFO at Life Europe AB and the mobile operator 3. He has been vice-president at Investor AB and has worked at Ericsson. Alexander Kotsinas is an employee at Nexttobe AB.
Alexander Kotsinas is independent of the Company's major shareholders, the Company and its managment.
Shares held: -

SENIOR MANAGEMENT

Julian Aleksov (Born 1965)
Since 2000, Julian Aleksov has been the CEO of Oasmia. Julian Aleksov is also a Board member. See section "Board of Directors" for a list of educational background, other previous assignments and shares held.

Anders Blom (Born 1969)
Anders Blom is since October 2014 deputy vice-president in Oasmia.
Education: M.Sc. in Business Administration from Uppsala University.
Other assignments: CEO of Nexttobe AB, board member of Hansa Medical AB, board member of Biolamina AB, chairman of Vivalavida AB, board member of Delta Projects AB, board member of Selego AB, chairman of Svenska Elitskon AB, CEO/board member of Equidx AB, deputy board member of Linum AB, deputy board member of Lokon Pharma AB and deputy board member of Tanea Medical AB.
Partnerships/significant influence: -
Previous positions in the past five years: board member of Bencar AB and member of the management team of Q-Med AB.
Other information: Anders has more than 15 years of experience of international strategic business development and financing from Q-Med, Galderma and Pharmacia.
Shares held: -

Hans Sundin (Born 1945)
Since August 2014, Hans Sundin, Senior Vice President, works with the Company's strategic manufacturing projects and overall quality issues. Hans Sundin is also a Board member. See section "Board of Directors" for a list of educational background, other previous assignments and shares held.

Anders Lundin (Born 1964)
Anders Lundin is since August 2014 CFO in Oasmia.
Education: M.Sc. from Uppsala University.
Other assignments: -
Partnerships/significant influence: -
Previous positions in the past five years: deputy board member Q-Med Holding AB, deputy board member of QRW Fastigheter AB, deputy board member of QPE Fastigheter AB, QPE Fastigheter AB, deputy board member of BAAU Therapeutics AB and deputy board member of Q-Med Produktion AB.
Other information: Anders Lundin has 21 years of experience in financial administration in commercial companies. Including being financially responsible in GE Healthcare, Zarlink Semiconductor, Hi3g Access AB and Elektronikgruppen AB
Shares held: -

Annette Ljungmark (Born 1950)
Annette Ljungmark has been the head of Human Resources and Accounting since 2005.
Education: Degree at Stockholms Handelsreal.
Other assignments: -
Partnership/significant influence: -
Previous assignments in the past five years: -
Other information: Has previously worked in the pharmaceutical industry with establishing monthly and annual reports, finance analyses, VAT, pensions and personnel issues.
Shares held: -

Margareta Eriksson (Born 1952)
Margareta Eriksson is since 2008 Vice President Clinical Development of Oasmia.
Education: Ph. Dr in zoology from Lund University
Other assignments: -
Partnerships/significant influence: -
Previous positions in the past five years: -
Other information: Margareta Eriksson has extensive experience from several companies in the pharmaceuticals industry as manager and project manager in clinical research.
Shares held: -

Mikael Asp (Born. 1962)
Mikael Asp is since 2013 Head of Quality Assurance of Oasmia.
Education: M.Sc. in chemical engineering from the Royal Institute of Technology, Stockholm.
Other assignments: -
Partnerships/significant influence: -
Previous positions in the past five years: Head of quality QP Bluefish Pharmaceuticals AB
Other information: -Mikael Asp has extensive experience from e number of companies within the international Pharmaceuticals industry in regards to research, development, production, quality control and as a qualified person (QP).
Shares held: 4,050 personal shares

John Cosby (Born 1962)
John Cosby is since 2006 Head of Regulatory Affairs of Oasmia.
Education: Chemist from University of Maryland
Other assignments: -
Partnerships/significant influence: -
Previous positions in the past five years: -
Other information: He has a great deal of experience from a number of international life science companies where he was in charge of regulatory affairs and product development
Shares held: 1,500 personal shares

AUDITORS

At the Annual General Meeting on 29 September 2014 Ernst & Young was re-elected for the term of a year as the Company's auditor, with Authorized Public Accountant Björn Ohlsson as senior auditor. Ernst & Young, with Björn Ohlsson as senior auditor, have been Oasmia's auditor since 2008. Björn Ohlsson is a member of FAR. Ernst & Young and Björn Ohlssons address is stated in the section "Addresses" below. In the financial year 2013/2014 the total accrued fee to the Company's auditor amounted to SEK 5,355,000.

ADDITIONAL INFORMATION ABOUT THE BOARD AND SENIOR EXECUTIVES

All of the Board members and senior management can be reached at the Company's address, Vallongatan 1, 752 28 Uppsala.

None of Oasmia's Board members or senior management has any family relationship with any other Board member or executive, except that Bo Cederstrand is the father of Julian Aleksov's partner. There are no conflicts of interest between the Board of Directors or senior management and Oasmia. None of the Board members or senior management has been convicted for fraudulent conduct in the last five years. None of the members of the Company's board of directors or senior management has been involved in any bankruptcy, bankruptcy administration or liquidation in the past five years. Furthermore, no Board member or senior management has been the subject of a public incrimination or sanction by statutory or regulatory authorities (including approved professional organizations) during the last five years. No board member or senior management has been disqualified by a court of law to act as a board director or member of management or member of a supervisory organ or to otherwise conducting the affairs of a company in the past five years.

As is evident above several Board Members and senior executives have financial interests in Oasmia through shareholdings, Bo Cederstrand and Julian Aleksov also controls the Company's creditor and largest shareholder (Alceco International S.A.), which is also guaranteeing parts of the issue, see section "Legal and supplementary information – Subscription and Guarantee Commitments". Alexander Kotsinas is employed by the Company's creditor and second-largest shareholder (Nexttobe AB). The senior manager Anders Blom is also CEO for Nexttobe AB.

RENUMERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS, CEO AND EXECUTIVE MANAGEMENT

At the annual shareholder's meeting held on 29 September 2014, it was resolved that the fee to members of the board of directors not employed by the Company should be SEK 150,000. Fee to the chairman of the board of directors should be SEK 175,000. The fee can, subject to an agreement with the Company, be invoiced trough a by the board member wholly owned company. In case of the latter the fee payable by the Company should be increased with the cost of social security charges and VAT. Remuneration to the auditor's should be as invoiced.

The table below presents the remuneration to the members of the board, CEO and executive management for the financial year 2013/2014:

RENUMERATION TO THE MEMBERS OF THE BOARD, CEO AND EXECUTIVE MANAGEMENT

TSEK	Board fee	Salary	Variable remuneration	Other benefits	Pension costs	Total
Joel Citron, chariman of the board	175	-	-	-	-	175
Horst Domdey, member of the board	150	-	-	-	-	150
Bo Cederstrand, member of the board	150	-	-	-	-	150
Alexander Kotsinas[1], member of the board	0		-	-	-	0
Martin Nicklasson[2], member of the board	150		-	-	-	150
Jan Lundberg[2], member of the board	150		-	-	-	150
Hans Sundin[3], member of the board		826			3	829
Julian Aleksov, member of the board and CEO	-	1 267	-	-	253	1 520
Other executive management (4 persons)[4]	-	2 787	-	-	11	2 798
Summa	**775**	4 880	**-**	**-**	**267**	5 622

1) Elected member of the board 30 September 2013.
2) Resigned as member of the board in conjunction with the annual shareholders' meeting 29 September 2014.
3) Elected member of the board 29 September 2014.
4)Anders Blom assumed his employment in October 2014 and Anders Lundin assumed his employment in August 2014 and they have, thus, not received remuneration for the financial year 2013/14.

The members of the board of directors do not have any agreements which entitles them to any remuneration following termination of their assignments or any variable remuneration. The CEO is entitled to medical insurance and pension benefits which consist of the Company annually paying 20 percent of the CEO's salary to a pension company of his choice. Anders Lundin has the right to receive pension benefits in accordance with ITP 1. The Group has no other funds set aside or accrued for pensions or other similar benefits post-resignation.

Remuneration to the CEO and executive management

The policy for remuneration to executive management and the CEO was adopted at the annual shareholders' meeting held 29 September 2014. The policy is applicable on employment agreements entered into subsequent the aforementioned date as well as all changes is current employment agreements.

Salary and other benefits

Remuneration to the CEO and other members of the executive managements shall consist of a fixed salary as well as pension costs. The CEO should also be entitled to a private health insurance.

Notice period and severance pay

When notice is given by the Company to the CEO the notice period should not exceed 24 months. When notice if given by the CEO to the Company the notice period should not exceed 6 months. For other members of the executive management the notice period should normally be 6 months when notice is given by the Company and 3 months if notice is given by the employee. No severance pay shall be paid.

Management incentive programs

Decisions on any management incentive programs related to the Company's share or the price thereof for the executive management shall be made by the shareholders' meeting.

Policy

The governing principles for salary for the CEO and the executive management shall be found in a policy adopted by the board of directors.

Deviation in a particular case

The board shall have the right to deviate from the above mentioned guide lines if there are, in a particular case, if the circumstances are special. If such deviation occurs, the deviation and the reasons therefor shall be presented at the following shareholders' meeting.

CORPORATE GOVERNANCE

The Swedish Corporate Governance Code

All companies listed on NASDAQ Stockholm shall apply the Swedish Corporate Governance Code (the "Code", which is available at www.bolagsstyrning.se) from 1 July 2008. The Code supplements the external regulations that affect corporate governance, which mainly consist of the Swedish Companies Act, accounting legislation and the current stock market listing agreement.

Deviation from the Code

The Company choose to make the following deviations from the Code for the financial year 2013/2014:

i) The Code section 2.4. The majority of the members of the nomination committee are members of the board of directors. The reason for this is that it has been deemed important for the Company's future development given the Company's background that there is a close collaboration between the nomination committee and the board of directors

ii) The Code section 9.4.The Company has issued warrants that the members of the board have had the opportunity to acquire. The warrants have had a vesting period of less than 3 years.

Current Deviations from the Code:

i) The Code section 4.3. Two of the members of the board of directors, elected by the shareholders' meeting, are currently working in the executive management.

Board committees

Audit Committee

The members of the audit committee are Joel Citron, Horst Domdey and Alexander Kotsinas. The audit committee shall aid the board in monitoring accounting and financial reporting as well as exert quality control of these aforementioned reports and processes. The responsibilities and tasks of the audit committee are set out in an internal instruction for the audit committee. During the financial year 2013/2014 the committee had two meetings.

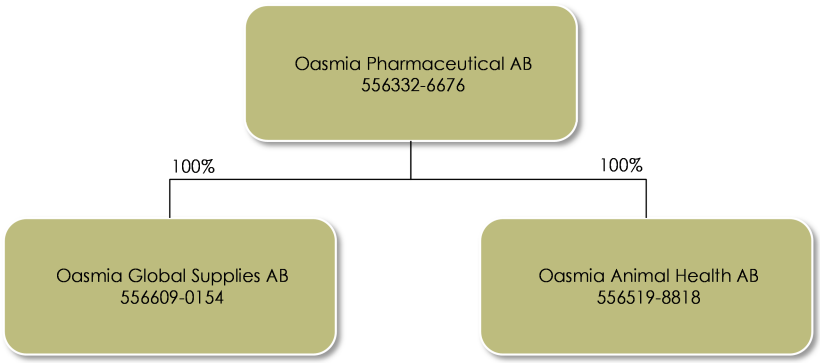
Remuneration committee

The members of the remuneration committee are Joel Citron, Horst Domdey, Alexander Kotsinas and Bo Cederstrand. The remuneration committee is a preparatory body to the board of directors and shall prepare board proposals to the shareholders' meetings concerning matters regarding remuneration principles and other employment terms for the executive management. The remuneration committee should also give suggestions to the board in regards to its resolutions on salary and other remuneration to the CEO as well as other resolutions regarding option schemes and other forms of remuneration meant to include a greater number of employees in the Company. During the financial year 2013/2014 the remuneration committee had 1 meeting.

Legal and supplementary information

GROUP STRUCTURE

The Company, with the legal and commercial name Oasmia Pharmaceutical AB (publ), was formed in accordance with Swedish law on 15 April 1988, and registered with the Swedish Companies Registration Office on 22 September 1988. The Company is a public limited liability company and conducts its operations in this legal form of entity which is regulated by the Swedish Companies Act (2005:551). Oasmia Pharmaceutical AB (publ) is the parent company of the Oasmia-Group where the wholly owned Swedish subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB are also included. The parent company conducts the management and financial functions, which manages issues concerning business development, strategy and production as well as the direction of the subsidiaries. The parent company also owns and manages the Company's intellectual property rights.



MATERIAL AGREEMENTS

License and distribution agreements with Abbott Laboratories, USA

Oasmia has entered into a license and distribution agreement with Abbott Laboratories, USA. The agreement, which is dated 8 July 2009, grants Abbott Laboratories exclusive sales rights for the Paccal Vet® product in the U.S. and Canada. In January 2013 Oasmia extended this agreement trough entering a change and supplementary agreement with Abbott Laboratories. The agreement now entails Doxophos Vet and is global (with the exception of Russia, the CIS-countries, Ukraine, Turkmenistan and Georgia and in regards to Paccal Vet®, Japan). The initial term of the agreement is (i) 30 years from the date Oasmia obtains the first milestone payment, and (ii) until certain of the Company's patent rights expire, whichever occurs first. Under the agreement, Abbott Laboratories has undertaken to assume sole responsibility for sales and marketing expenses. The Company is responsible for the quality and the pharmacovigilance of Paccal Vet® and Doxophos Vet.

Under the agreement, Abbott Laboratories shall purchase the product from Oasmia at a predetermined price which is adjusted yearly. Further, Abbott Laboratories shall pay certain royalty on its sales. The agreement contains provisions on five milestone payments, which at the time of the entering into of the agreement in total amounted to USD 19.0 million. Oasmia received the first milestone payment of USD 5.0 million upon entering into the agreement and in conjunction with the entering into of the supplementary agreement in January 2014 the Company received an additional milestone payment. The other milestone payments are contingent upon the Company acquiring certain regulatory approvals and that the Company reaches set goals for yearly net sales. The milestone payments can in total amount to USD 18.0 million. The agreement may be terminated by either party if the other party commits a material breach of the agreement or becomes insolvent. Abbott Laboratories also has the right to terminate the agreement at any time if, pursuant to Abbott Laboratories' own assessment, it is no longer possible for Abbott Laboratories to fulfil the terms of the agreement.

License and distribution agreement with Nippon Zenyaku Kogyo, Japan

Oasmia has entered into a license and distribution agreement with Nippon Zenyaku Kogyo, Japan. The agreement, which is dated 21 April 2010, grants Nippon Zenyaku Kogyo exclusive sales and distribution rights for the product Paccal Vet® in Japan. Further, the agreement gives Nippon Zenyaku Kogyo a right of first refusal for the distribution of all future veterinary products launched by Oasmia in Japan. The agreement's initial contract period runs until (i) ten years from the date of the agreement, and (ii) certain of the Company's patent rights have expired, whichever occurs later. Under the agreement, Nippon Zenyaku Kogyo will launch Paccal Vet® in Japan and assume sole responsibility for sales and marketing costs. In addition, Nippon Zenyaku Kogyo is also responsible for the necessary clinical trials required in order to obtain marketing approval for Paccal Vet® in Japan.

Under the agreement, Nippon Zenyaku Kogyo shall purchase the product from Oasmia at a price corresponding to Oasmia's actual cost of production, supply, etc. Furthermore, Nippon Zenyaku Kogyo shall pay certain royalties on its sales. The agreement contains provisions on four milestone payments aggregating up to EUR 3.25 million. Oasmia received the first milestone payment of EUR 0.55 million upon entering into the agreement. The other milestone payments that Nippon Zenyaku Kogyo has undertaken to pay are EUR 0.7 million when marketing approval has been granted in Japan and two payments of EUR 1.0 million each when annual net sales through Nippon Zenyaku Kogyo reach certain levels. Oasmia may be required to repay the first two milestone payment if marketing approval cannot be obtained or if the Company is guilty of breach of contract that results in the termination of the agreement or the withdrawal of the product from the market. Oasmia may also be liable to compensate Nippon Zenyaku Kogyo for the costs incurred in relation to obtaining marketing approval. The Company is further liable to Nippon Zenyaku Kogyo for the product meeting the agreed upon quality level, but Nippon Zenyaku Kogyo is solely responsible for all pharmacovigilance.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or files for bankruptcy. In the event that the agreement is terminated, regardless of which party terminates the agreement and the grounds for termination, the marketing approval, if received in Japan, shall be transferred to Oasmia.

License and distribution agreement with Medison Pharma, Israel

Oasmia has entered into a licensing and distribution agreement with Medison Pharma, Israel. The agreement, which is dated 9 May 2011, grants Medison Pharma exclusive license and distribution rights for the product Paclical in Israel and Turkey. The agreement's initial contract period runs until (i) ten years from the date of the agreement, and (ii) certain of the Company's patent rights have expired, whichever occurs later. Under the agreement, Medison Pharma shall launch Paclical in Israel and Turkey within six months post the product obtains market approval, and assume sole responsibility for sales and marketing costs. Under the agreement, Oasmia is responsible for obtaining marketing approval in the respective countries, while Medison Pharma is responsible for obtaining the so-called "reimbursement approval".

Medison Pharma has agreed to purchase certain quantities of Paclical once all approvals have been obtained and if these commitments are not followed, Oasmia has right to terminate the license exclusivity. Medison Pharma shall pay a price that corresponds to Oasmia's actual cost of production, supply, etc. Furthermore, Medison Pharma will pay certain royalties on its sales. The agreement contains provisions on two milestone payments totalling up to EUR 0.4 million of which Oasmia already received EUR 0.2 million upon entering into the contract. Oasmia is required to partially repay the previously received milestone payment if marketing authorisation has not been obtained before 2015. The Company is further liable to Medison Pharma for the product meeting the agreed upon quality level, but Medison Pharma is solely responsible for all pharmacovigilance.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or files for bankruptcy. The Company has the right to terminate the agreement in the event that Medison Pharma fails in launching Paclical in Israel and Turkey within six months after the product has received market approval.

Sales and distribution agreement with Pharmasyntez, Russia

Oasmia has entered into a sales and distribution agreement with Pharmasyntez. The agreement which was entered into February 2013, grants Pharmasyntez exclusive sales rights for the product Paclical in Russia and CIS (including Ukraine, Georgia and Turkmenistan). The initial term of the agreement runs until five years from the point which Paclical receives market approval in Russia. According to the agreement, Pharmasyntez is solely responsible for the costs of sales and marketing within the market area. The Company is responsible for obtaining necessary registration approval in Russia, including such necessary clinical trials which are required for marketing the product in Russia. Pharmasyntez is responsible for the costs of marketing approval and sales.

Pharmasyntez has agreed to purchase certain quantities of Paclical and if these commitments are not followed Oasmia has the right to terminate the licence exclusivity. The agreements contains no provisions on rights to milestone payments for Oasmia, but Oasmia has under the agreement the right to a certain share of the net profit from sales made under the agreement. The Company is further responsible for the product meeting the agreed upon quality level and pharmacovigilance.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or files for bankruptcy. In the event of the agreement being terminated, irrespective of the reason thereof and irrespective of which party who terminates the agreement, any received marketing approval in any of the marketing areas be transferred to Oasmia.

Production agreement with Baxter

The Company has, since 2011, a cooperation agreement with Baxter Oncology GmbH regarding contract manufacturing of Paclical and Paccal Vet®. The agreement was extended in 2014 so that it could also

include future products. The initial term of the agreements is five years, with an automatic extension of one year if not terminated.

The agreement can be terminated by either party on a number of grounds, including if a party commits a material breach of the agreement, or if any party becomes insolvent or enters into receivership. The Company is also entitled to terminate the agreement if it does not receive particular approvals from authorities before 1 July 2015, or if Baxter does not, in an adequate way, can handle to ramp up its production process.

Overdraft facility with Nordea

Oasmia has an overdraft facility at Nordea with a credit limit of SEK 5.0 million. The credit facility will be in place until December 2014 and is automatically prolonged by twelve months at a time, if not announced otherwise. In conjunction, Oasmia also signed a pledge agreement with Nordea. The pledge agreement related to floating charges in Oasmia and floating charges deeds relating thereto amounting to SEK 8.0 million and forms the security for the overdraft facility and the limit for currency derivatives under the agreement with Nordea.

In September 2013 the Company entered into a loan agreement pertaining to a bridge financing loan with Nordea to the amount of SEK 40 million. The Company's obligations under the agreement are ensured by a guarantee from Nexttobe AB and Alceco International S.A. The loan was on its original due date 31 March 2014 replaced by a new loan on the same amount. The loan has subsequently expired and has been replaced by new loan on the same amount on two additional occasions. The present loan was granted in September 2014 and is due for payment 30 December 2014.

Credit facility from Alceco International S.A.

The major shareholder Alceco International S.A. has issued a credit facility of SEK 40 million to Oasmia. The term of the credit facility is up to and including 31 December 2014 and is extended automatically by twelve months at a time unless terminated by either party no later than three months before the contract expires. The interest rate on the utilized credit is 5 per cent. As of the date of this prospectus, this credit facility was unused. The credit facility was last renewed on 31 December 2013.

Loan from Nexttobe AB

In February 2012, Oasmia received a loan of SEK 25 million from Nexttobe AB, which is the Company's second largest shareholder. The term of the loan was up until and including 30 October 2012 with 5 per cent annual interest. Nexttobe AB had the right to terminate the loan for immediate repayment, if principal or interest due was not paid within 14 days after the due date. Furthermore, Nexttobe AB had the right to convert or set off this claim in connection with participation in a future issue or any other financial transactions conducted in the Company. In May 2012, Nexttobe AB extended its involvement in Oasmia through an additional loan of SEK 65 million. Interest and other terms and conditions are the same as for the original loan. On 1 October 2012 the aforementioned promissory notes were replaced with a new loan from Nexttobe AB. Lending from Nexttobe AB was then extended to SEK 105 million. The total lending by Nexttobe AB to Oasmia is therefore SEK 105 million. The interest rate is, since 31 December 2013, 8.5 percent to be paid 31 December 2014. The term of the loan was, after renewal, up until 31 December 2014 on the same terms as the previous loans.

Nexttobe intends to settle SEK 35,283,906 of the outstanding amount of credit by set-off in conjunction with payment of its share of the Rights Issue.

Other agreements

Oasmia has entered into agreements, which are part of the day-to-day operations, with various clinics for clinical trials of the Company's drug candidates and customary commercial agreements of a standard nature with suppliers and partners. However, no agreement, other than the licensing and distribution agreements, the credit facility from Alceco International S.A. and the loan agreement with Nexttobe AB, is of such significance for the Company that it could not be considered replaceable by an agreement with equivalent content with another party.

INTELLECTUAL PROPERTY RIGHTS

Oasmia's product portfolio consists of the drug product Paccal Vet® and the drug product candidates Paclical, Doxophos, Docecal and Doxophos Vet. These drug candidates are all based on the Company's excipient model developed with nanotechnology and are protected by patents in all countries which the Company considers to be important. As per the 30 April 2014 the Company globally owned 63 patents and had 23 patent applications pending. The Company owns approved patents based on nine different patent families. A patent family is a collection of patents and patent applications, regional and national, which cover an invention or a group of related inventions.

See below for information regarding the patent families currently used in the Company's product and product candidates.

Patent families	Products patent family applies to	Status (U.S.)	Status (EU)	Status (Japan)	Status (Israel)	Status (Eurasia)	Expiration
Taxol containing compositions	Paccal Vet®, Paclical, Docecal	Approved	Approved	Approved	-	-	2022
Anticancer combination	Paccal Vet®, Paclical, Docecal	Approved	Approved	-	-	-	2022
Water insoluble	Paccal Vet®, Paclical, Docecal	Ongoing	Ongoing	Approved	-	Approved	2028
Water soluble	Doxophos Vet, Doxophos	Approved	Ongoing	Approved	-	Approved	2028
Tax-Dox-Mix	OAS-19	Ongoing	Ongoing	Approved	-	Approved	2028

The Company's strategy for intellectual property rights is intended to protect the Company's core technologies and the application of these. The Company's protection for intellectual property rights is continually surveyed and is currently considered to be satisfactory. The company is to a large extent dependent on its patents. See further section "Legal and supplementary information – Transactions with related parties" below.

The duration on the individual patens is dependent on the countries in which they are received. In most countries in which the Company has filed for a patent the expiration date for the patent is 20 years from the application.

To protect the Company's rights to any of its issued patents and proprietary information, the Company may need to litigate against infringing third parties, avail itself of the courts or participate in hearings to determine the scope and validity of those patents (or other proprietary rights). See further section "Risk Factors – Intellectual Property."

The Company requires its employees, consultants, outside scientific collaborators, researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with the Company. The Company also rely on trademarks, trade secrets, know-how and continuing innovation to develop the Company's competitive position. In addition, the Company have a number of domain names registered, including oasmia.se and oasmia.com.

GOVERNMENT LICENSES

Oasmia's area of business is subject to significant government regulation. Drug development is subject to extensive control and government agencies throughout the world ensure compliance with applicable laws governing the development, production and sale of pharmaceuticals, and also examine the quality, safety and effectiveness of the pharmaceuticals.

License to produce pharmaceuticals

The Company's manufacturing unit in Uppsala has during the spring of 2014 been approved by the Swedish Medical Products Agency for manufacturing of cytostatic. The approval pertains to manufacturing of human health pharmaceuticals for sales within the EU. The manufacturing unit in Uppsala has also, with a satisfactory result, undergone a so called *Pre-Approval inspection* by the FDA for the manufacturing of Paccal Vet®.

Oasmia also holds a license from the Swedish Medical Products Board to manufacture Paccal Vet®.

License to produce trial pharmaceuticals

Oasmia also holds a license from the Swedish Medicinal Products Agency to produce trial pharmaceuticals in Sweden. The license pertains to production of all of the Company's product candidates and expires on 10 June 2016.

Other licenses

Other licenses relate to *inter alia* handling of flammable goods and the purchase of denatured alcohol.

Application for and marketing approval of pharmaceutical products

Oasmia currently holds a conditional marketing approval for Paccal Vet® in the U.S. Oasmia's pharmaceutical candidates are in differently progressed states; from planning of clinical phase I-trials to concluded and reported clinical phase III–trials. For certain product candidates, Oasmia has applied for marketing approval, see further section "Market – The Company's Products and Product Candidates" above.

The registration of a pharmaceutical on the market requires a marketing permit from the relevant pharmaceutical regulators in the countries where market registration is being applied for. The documentation examined by relevant authorities relates to the pharmaceutical's quality, efficacy and safety. It is important to ensure that all information filed in support of an application for marketing approval meets the applicable national and international requirements. In the EU there are four different procedures by which to apply for approval to sell a new pharmaceutical. The central procedure is mandatory for drugs whose therapeutic indication includes the treatment of cancer. In the central procedure the application is sent directly to the European drug regulator, EMA. An approval in the central procedure covers all member states of the EU. Also in the U.S. there are different procedures by which to apply for a license to sell a new pharmaceutical. An application is submitted to the U.S. drug regulator, the FDA. An FDA approval covers the U.S. market.

SUBSCRIPTION AND GUARANTEE COMMITMENTS

The Company's largest shareholder, Alceco International S.A., 19 Rue Aldrigen, L-1118 Luxembourg (with approximately 39.2 percent of the shares) and Nexttobe AB, Dag Hammarskjölds väg 40 C, SE-751 83, Uppsala, (with about 20.0 percent of the shares) as well as SSE Opportunities Limited, c/o Volaw Trust & corporate Services Limited, Templar House, don Road, St Helier Jersey, Channel islands JE1, 2 floor (with approximately 2.8 percent of the shares) have undertaken to exercise their preferential rights in the Rights Issue and, thus, subscribe for new shares corresponding to their shareholdings in the Company (Nexttobe AB trough set-off against the corresponding credit amount provided to the Company, see section "Legal and supplementary information – material agreements" below).

In addition, Alceco International S.A. has, towards Oasmia and Carnegie, undertaken to subscribe for new shares for a total amount of not more than SEK 16,994,232 and SSE Opportunities Limited has, towards Oasmia and Carnegie, undertaken to subscribe for new shares for a total amount of not more than SEK 49,999,986 for new shares not subscribed for and/or paid for by holders of subscription rights or other persons who have subscribed for shares without preferential rights. Accordingly, the Rights Issue is fully guaranteed. For the guarantee commitments, Alceco International S.A. and SSE Opportunities Limited will receive compensation amounting to 3 percent of the guaranteed amount (excluding any VAT).

The Subscription and Guarantee Commitments were entered into by Alceco International S.A., Nexttobe AB and SSE Opportunities Limited, respectively, on 10 November 2014. The guarantors have, in connection with the guarantee commitments, undertaken not to sell any shares in the Company up to and including the date on which the outcome of the Rights Issue is announced.

The above subscription and guarantee commitments are not secured. See also section "Risk Factors – The issue is not secured".

BUILDINGS AND LEASES

Oasmia owns no real estates. All lease agreements relating to the Company's existing premises at Vallongatan 1, Uppsala have lease terms until 31 December 2016 (and for one floor until 31 December 2018).

LEGAL PROCEEDINGS AND ARBITRATION

Oasmia is not and has never been involved in any legal or arbitration proceedings during the last twelve months which have had, or is likely to have, significant effects on Oasmia's financial position or profitability. Oasmia is also not aware of any claims that may lead to the Company becoming a party to such process or procedure.

STABILIZATION AND OTHER TRADE MEASURES

In connection with the Rights Issue, Carnegie Investment Bank or a representative for Carnegie Investment Bank may act as stabilization manager and may effect transactions intended to support the trading or the market price of the shares, subscription rights, BTAs or the new shares in order to balance any selling pressure which might exist ("Stabilization Measures").

Stabilization Measures include transactions that stabilize, maintain or in other ways affect the market price of the Company's shares, subscription rights, BTAs or the new shares. Such transactions may include creating a syndicated short position, and engaging in stabilizing transactions and purchases to cover positions created by short positions. Short position means that the stabilization manager sells securities that they do not own. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or delaying a decline in the security's market price, while a rights issue is in progress.

The stabilization manager is under no obligation to take any Stabilization Measures. Thus, there is no guarantee that Stabilization Measures will be executed. If the Stabilization Measures are executed they may be discontinued at any time without prior notice.

Stabilization Measures may be executed as from the date of the publication of this prospectus up until and including 30 calendar days after the last day of the subscription period, which is expected to be 5 January 2015.

As a result of stabilization, the share price or the market price of shares or other securities issued by the Company may be higher than what would otherwise be the case in the market. Stabilization may also lead to a share quotation or market price at a level that is not sustainable in the long term.

Within one week after the end of the stabilization period the Company will, in accordance with Article 9 of Regulation (EG) No 2273/2003, be announced whether stabilization measures were performed or not, the date the stabilization measures were initiated, the date the last stabilization operation was performed and the price range within which stabilization measures were performed (for each of the dates on which stabilization transactions were carried out).

Carnegie has informed the Company that they are currently creating a market for the shares and intends to create a market for the subscription rights outside the U.S. Carnegie may also engage in transactions on behalf of others with the shares and subscription rights and certain derivatives linked to the shares.

If these market-making and other activities are initiated, they may at any time be discontinued at Carnegie's own decision and without prior notice. These activities may be conducted on NASDAQ Stockholm or any other market including the OTC market in Sweden or elsewhere outside the U.S. in accordance with applicable laws and regulations.

TRANSACTIONS WITH RELATED PARTIES

Oasmia applies IAS 24 Related Party Disclosures, see also note 31 on page 47 of the Annual Report for the financial year 2013/2014 and note 5 on page 14 of the Interim Report for the period May – July 2014. Oasmia has performed certain transactions with its subsidiaries. As of 31 July 2014 Oasmia's debt to its subsidiary Qdoxx Pharma AB amounted to approximately SEK 84,000 and its debt to Oasmia Animal Health AB amounted to approximately SEK 197,000.

Further, on 1 October 2012, Oasmia entered into a new loan agreement with Nexttobe AB, one of the Company's major shareholders. The agreements have subsequently been prolonged until 31 December 2014. On 31 December 2013 Oasmia renewed its credit facility with Alceco International S.A., another of the Company's major shareholders. For details regarding these agreements, see section "Material Agreements" subsections "Credit facility from Alceco International S.A." and "Loan from Nexttobe AB" above. Otherwise, there have not been any transactions between Oasmia and its related parties that have materially affected the Company's financial position and earnings, or any other transactions that have occurred on non-market terms, since 30 April 2014.

Ardenia Investment Ltd., controlled equally by Oasmia founders Bo Cederstrand and Julian Aleksov, is registered as the applicant and the owner, respectively, of all patent right that forms the basis of Oasmia's operations. Under an agreement between Ardenia Investment Ltd. and Oasmia, entered in 2001, the rights to all existing and future patents, patent applications and know-how have been transferred to Oasmia for a one-off payment of SEK 1,000 plus variable supplementary payments. Under a supplementary agreement dated 27 January 2003, the Company is no longer required to make any supplementary payments. Oasmia thus has no remaining obligations to Ardenia Investment Ltd.

ADVISORS

Carnegie Investment Bank AB (publ) is financial advisor to the Company and is the issuing agent in connection with the Rights Issue. Gernandt & Danielsson Advokatbyrå KB is legal advisor to the Company and Carnegie.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may, during the entire validity term of the prospectus, be reviewed during office hours at the Company's main office at Vallongatan 1, SE-752 28 Uppsala:

- The articles of association of the Company
- Audited Annual Report for the financial year 2012/2013, pages 9–45
- Audited Annual Report for the financial year 2013/2014, pages 13–51
- Interim report for the period 1 May – 31 July 2014
- This prospectus

The documents above will also be available on the Company's website, www.oasmia.com.

Articles of Association

1. Name
The corporate name of the Company is Oasmia Pharmaceutical AB. The Company is a public company (publ).

2. Registered office

The Company's registered office is situated in the municipality of Stockholm.

3. Object of the Company's business

The object of the Company's business is to conduct research and development, manufacturing, marketing and sale of pharmaceuticals, human and veterinary, and any other activities compatible therewith.

4. Share capital and shares

The share capital shall be not less than SEK 3,350,000 and not more than SEK 13,400,000. The number of shares shall be not less than 33,500,000 shares and not more than 134,000,000 shares.

5. Type of share

The shares shall be issued in one series, denoted series A.

6. The Board of Directors

The Board of Directors shall consist of at least 3 and at the most 8 members with at the most 3 deputy members.

7. Auditors

For audit of the Company's Annual Report and accounts and the Board's and Chief Executive Officer's management shall one or two auditors with at most two deputies or one or two registered auditing firms be appointed.

8. Notice of the General Meeting

Notice of General Meeting shall be published in the Swedish Official Gazzette (Sw: Post- och Inrikes Tidningar*) and by making the notice available on the Company's website. That notice has been given is to be advertised in Dagens Nyheter.*

Shareholders who wish to participate at the negotiations at the Meeting shall be recorded in printouts of the entire share register concerning the circumstances five business days before the Meeting and shall notify the Company no later than the day stated in the notice of the Meeting, when the number of assistants is to be stated.

9. General Meeting
The General Meeting will be held in the municipalities of Uppsala or Stockholm.

At the Annual General Meeting, the following matters shall be dealt with.

1. Election of chairman for the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons who shall, in addition to the chairman, approve the minutes of the meeting.
5. Determination of whether the Meeting has been duly convened.
6. Presentation of the Annual Report and the Auditor's report and, if applicable, the consolidated financial statements and the auditor's report on the consolidated financial statements.
7. Resolutions
   a) regarding the adoption of the income statement and the balance sheet, and when applicable, the consolidated income statement and the consolidated balance sheet.
   b) resolution regarding allocation of the Company's profit or loss in accordance with adopted balance sheet
   c) regarding discharge of the members of the Board of Directors and the managing director from liability.
8. determination of the number of members and deputy members of the Board of Directors and the number of auditors and deputy auditors.
9. determination of fees for the Board of Directors and, when applicable, the auditors.
10. election of the members of the Board of Directors and, when applicable, auditors and deputy auditors.
11. other matters which are set out in the Swedish Companies Act (2005:551) or in the Company's Articles of Association. The Chairman of the Board or a person appointed by the Board of Directors shall open the General Meeting and lead the negotiations until a chairman has been elected.

10. Fiscal year
The fiscal year shall be 1 May to 30 April.

11. Record day provision
The Company's shares shall be registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

Adopted 2011-09-30

Tax Issues in Sweden

The following is a summary of certain Swedish tax issues which in connection with the Rights Issue applies to individuals and limited liability companies who are holders of shares and subscription rights in Oasmia Pharmaceutical AB and who, unless otherwise stated, are tax resident in Sweden. The summary is based on current Swedish tax legislation and is only intended to provide a general information regarding the shares and subscription rights for the time the shares and/or subscription rights are traded on NASDAQ Stockholm. The Summary does not address:

- *Situations where securities are held as inventory in a business*
- *Situations where securities are held by a limited partnership or a partnership*
- *Situations in which securities are held in an investment savings account*
- *The special rules relating to tax-free capital gains (including the prohibition on deductions of capital losses) and dividends that may apply to if the investor holds shares or subscription rights in Oasmia which for tax purposes are considered to be business related.*
- *The special rules that in some cases may apply to shares or subscription rights in companies that are or have been closely held,*
- *Foreign companies doing business through a permanent establishment in Sweden.*

Special tax rules further apply to certain categories of companies. The tax situation for each holder of securities depends partly on individual circumstances. Each shareholder and holder of subscription rights should therefore consult an independent tax adviser regarding the specific tax consequences that may arise as a result of the Rights Issue, including the applicability and the effect of foreign tax rules and tax treaties.

The summary below is based on the assumption that the shares and subscription rights in Oasmia Pharmaceutical AB are deemed as listed for tax purposes during the period when the shares and/or subscription rights are traded on NASDAQ Stockholm and the Frankfurt Stock Exchange (should the shares and subscription rights not be considered as listed for tax purposes they will be subject to other tax rules than those described below). However Oasmia Pharmaceutical AB does not guarantee that the shares and/or subscription rights will be deemed as listed for tax purposes.

GENERAL ON TAX ISSUES

Individuals

For individuals tax resident in Sweden, income such as interest, dividends and capital gains are considered as capital income for tax purposes. The rules on capital income will also normally apply to the payment by a Swedish limited liability company in connection with the redemption of the Company's shares and the repurchase of own shares and the liquidation of the Company. The tax rate on capital income is 30 percent.

A capital gain or loss is calculated as the difference between the compensation received, after deducting sales costs, and the cost basis. The cost basis for all shares of the same class and type is aggregated and calculated jointly by applying the average cost method. BTAs are not considered to be of the same kind as the existing shares in Oasmia Pharmaceutical AB until the resolution regarding the Rights Issue has been registered with the Swedish Companies Registration Office. Alternatively, in the case of the sale of listed shares, the standardized method may be used. Under this method, the cost basis may be defined as 20 percent of the compensation received after deduction of sales costs.

Capital losses incurred from the sale of shares in a listed company and other listed securities(for example subscription rights and BTA) can be fully offset against capital gains occurring in the same year due to the sale of shares and listed securities (with the exception of shares in Swedish investment funds holding only Swedish receivables, known as Swedish fixed income funds). Capital losses that have not been offset against capital gains are deductible to 70 percent against other capital income. In case of a net capital loss, such loss may be used for tax reduction on earned income tax as well as central government and municipal property taxes. Tax reduction is granted with 30 percent of the net capital loss up to SEK 100,000 and 21 percent of any loss exceeding SEK 100,000.The loss cannot be carried forward to future income years. For individuals who are tax resident in Sweden preliminary tax of 30 percent is withheld on any dividends received. The preliminary tax is normally withheld by Euroclear or, for nominee registered shares, by the nominee.

Limited liability companies

For limited liability companies capital income, including capitals gains and dividends subject to tax, is taxed as business income, with a tax rate of 22 percent. Capital gains and losses are calculated in the same manner as for natural persons as described above.

Deductible capital losses on shares and other securities may only be offset against taxable capital gains on shares and other securities. If a capital loss assignable to shares or other securities cannot be deducted by

the company incurring the loss, such loss may be offset against taxable capital gains assignable to shares and securities in another company in the same corporate group if a right to exchange group contributions exists between the companies and both companies request this for a year which has the same assessment date, or would have had the same date if one of the companies had not ceased to be liable to keep accounts. A capital loss on shares or other securities can, to the extent that it is not deductible one year, be carried forward (in the limited liability company incurring the loss) and used to offset taxable capital gains on shares and other securities in later years without any limitation in time.

Exercising subscription rights

Exercise of subscription rights by a shareholder in Oasmia Pharmaceutical AB does not trigger taxation of the shareholder.

Selling allocated subscription rights

Shareholders who do not wish to exercise their preferential right to participate in the new share issue can sell their subscription rights. This will give rise to a taxable capital gain. Subscription rights granted on the basis of a shareholding in Oasmia Pharmaceutical AB are deemed to have been acquired for SEK 0. The standardized method for assessing the cost basis cannot be used in this case.

The entire gain from the sale, after deduction of sales cost is taxable. The cost basis for the original shares is not affected. A subscription right that is not exercised or sold but expires is deemed to have been disposed for SEK 0, and therefore no capital gain or loss occurs.

Acquired subscription rights

For those who purchase, or in a similar way acquire, subscription rights in Oasmia Pharmaceutical AB, the remuneration paid constitutes the cost basis. The exercising of acquired subscription rights does not trigger taxation. The cost basis assignable to the subscription rights should be included when calculating the cost basis of the shares. Subscription rights that are sold are subject to capital gains tax. The cost basis of subscription rights is calculated using the average method. The standardized method may be used for listed subscription rights acquired as described above. A subscription right that is neither exercised nor sold and therefore expire is deemed disposed at SEK 0.

Shareholders and subscription rights holders with limited tax liability in Sweden

Shareholders subject to limited tax liability in Sweden are normally subject to withholding tax on any dividends received from a Swedish limited liability company. The same applies to payments by a Swedish company in connection with, among other things, redemption, repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain kind and the liquidation of the company. Withholding tax on dividends is levied at 30 percent. The withholding tax rate is however generally reduced through tax treaties. Withholding tax is normally deducted at source by Euroclear or, for nominee registered shares, by the nominee.

In cases where withholding tax paid exceeds the amount payable due to tax treaties or that the receiver is not liable to pay withholding tax reimbursement may be requested, in writing, to the Swedish Tax Agency. The request has to be submitted before the end of the fifth calendar year after the dividends distribution.

Shareholders and holders of subscription rights, subject to limited tax liability in Sweden, who do not conduct activities from a permanent establishment in Sweden are normally not liable to tax in Sweden on capital gains deriving from the sale of shares or subscription rights. Shareholders and holders of subscription rights may however be tax liable in their country of residence. Under a special rule, individuals, subject to limited tax liability in Sweden, may however be liable to capital gains tax on the sale of shares or subscription rights in Oasmia Pharmaceutical AB if they at some point during the calendar year in which the sale took place or during the preceding ten calendar years have been resident in Sweden or considered as staying here permanently. The applicability of this rule is however in many cases limited through tax treaties.

WITHHOLDING TAX IN GERMANY

Given that the new shares will be listed at the Frankfurt Stock Exchange it is particularly stated below in regards to status on withholding taxes in Germany.

The Company will not withhold any German withholding tax. For other issues it is referred to what is stated above in the section "*Tax issues in Sweden – general on tax issues*".

ABBREVIATIONS, EXPLANATIONS, DEFINITIONS AND GLOSSARY

API refers to active pharmaceutical ingredients in a pharmaceutical

BTA refers to paid subscribed shares

Carnegie refers to Carnegie Investment Bank AB (publ.) corporate identity number 516406-0138, 103 38 Stockholm, acting as financial adviser to the Company and the issuing agent in connection with the Rights Issue

CRO refers to contract research organizations

EMA refers to European Medicines Agency

EPO refers to the European Patent Office

EUR refers to euro

Euroclear refers to Euroclear Sweden AB, 556112-8074, Box 191, 101 23 Stockholm

FDA refers to US Food and Drug Administration

GMP refers to the current international Good Manufacturing Practice

Rights Issue refers to the invitation to subscribe for shares in the Issue of not more than 9 785 814 shares with preferential rights for existing shareholders in Oasmia

IND refers to Investigational New Drug

The Code refers to the Swedish Corporate Governance Code

The Group refers to the group where Oasmia Pharmaceutical AB (publ.) is the parent company

NADA refers to New Animal Drug Application

NDA refers to New Drug Application

MUMS refers to Minor Uses / Minor Species, and is FDA's designation of pharmaceutical candidates for unusual diseases or rare species in order to create an incentive for the development of those

Oasmia or the **Company** refers to, depending on the context, Oasmia Pharmaceutical AB (publ), corporate identity number 556332-6676, Vallongatan 1, 752 28 Uppsala, or the group in which Oasmia Pharmaceutical AB (publ) is the parent company or one or more subsidiaries in the group

CIS refers to the Commonwealth of Independent States

Progression free survival refers to a measurement for survival which measures the time before and after the administration of medication for a disease (normally cancer) in which the patient's condition does not worsen

PTO refers to the United States Patent and Trademark Office

REMS refers to certain labelling, such as warnings and contra-indications or limits in the indications for use, or restrictions in distribution in the form of risk evaluation and risk mitigation, which can be required by regulatory authorities in conjunction with approval

SEK refers to Swedish kronor

USD refers to American dollar

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