Oasmia Pharmaceutical AB (publ)

Year-end report[1] for the shortened[2] financial year
May 1, 2020 – December 31, 2020

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- In November Robert Maiorana joined Oasmia as acting CFO, with effect from December 1, 2020 until Fredrik Järrsten commenced in the role. Thereafter, Robert will work as Finance Manager and support Fredrik.
- In December Oasmia shared an update from its partner Elevar Therapeutics on the development plan for Apealea® (paclitaxel micellar) in ovarian cancer.
- In December Oasmia's partner Elevar Therapeutics entered a licensing agreement with Inceptua Group for the commercialization of Apealea® (paclitaxel micellar) in Europe.
- In December Oasmia announced it has secured valuable IP rights in Australia and Brazil.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- In February Oasmia appointed Dr. Heidi B. Ramstad as Chief Medical Officer.

THIRD QUARTER[2]: NOVEMBER 1, 2020 – DECEMBER 31, 2020

- Consolidated net sales amounted to TSEK 120 (132)
- Operating profit/loss was TSEK -28,580 (-34,056)
- Net profit/loss after tax amounted to TSEK –33,627 (-35,171)
- Earnings per share was SEK -0.07 (-0.15)

FINANCIAL YEAR[2]: MAY 1, 2020 – DECEMBER 31, 2020

- Consolidated net sales amounted to TSEK 482 (565)
- Operating profit/loss was TSEK -131,493 (-117,256)
- Net profit/loss after tax amounted to TSEK –140,270 (-93,263)
- Earnings per share was SEK -0.31 (-0.36)

[1] Figures in brackets show outcomes for the corresponding period of the previous financial year.

[2] From January 1, 2021, Oasmia will change to use the calendar year as its financial year. To make this happen, this Year-end report includes an abbreviated financial year covering the period May 1 – December 31, 2020, i.e. 8 months. As a result, the third quarter is abbreviated covering the period November 1 - December 31, 2020, i.e. 2 months. The comparative figures for the previous year report the same periods in 2019.

Oasmia Pharmaceutical AB is a specialty pharma company dedicated to improving the lives of patients by enhancing the intravenous delivery of established and novel drugs in significant diseases, including cancer. Product development is based on the Company's proprietary drug delivery technology platform XR-17™ which can be applied to medicines used in many therapeutic areas, to develop water soluble formulations of drugs that currently require chemical solubilizers for dissolution. The first product approved using this technology is Apealea® (paclitaxel micellar). Apealea has received market authorization in the European Union and several other territories for the treatment of first relapse in platinum-sensitive ovarian cancer, in combination with carboplatin. The Company is making Apealea accessible to patients through its partnership with Elevar Therapeutics, together with its existing commercial operations in the Nordic region. Oasmia's shares are traded on the Nasdaq Stockholm stock exchange (ticker: OASM). To find out more about Oasmia please visit www.oasmia.com.

CEO REVIEW – PUSHING FORWARD

Since I joined Oasmia in March last year, after undertaking an in-depth strategic review I implemented a growth plan based on four key pillars and focused on ensuring that the company is able to deliver it successfully:

1) Execute on Apealea® global partnership with Elevar Therapeutics
2) Enhancement & Partnering of technology platforms
3) Clinical development of Docetaxel micellar & new API
4) In & out-licensing, partnering & M&A in oncology

I am pleased to report that we have made good progress on all of these during the year, initiating the transformation of Oasmia, and laying down a strong foundation on which to support our future growth.

As part of the strategic review, we undertook a comprehensive cost control program designed to focus our resources, including a reduction of headcount bringing the total number of staff at Oasmia to under 30 employees at the end of the year, making Oasmia a truly lean, research and development focused biotechnology company. In addition, we have served notice for our current offices in Uppsala and we will move Oasmia's head quarter to a new more cost-efficient building in Stockholm over coming months, while we will keep our R&D laboratory facility in Uppsala. We are now realizing annualized costs saving of more than SEK 100 million and have reduced cash burn rate to around SEK 12 million per month. These cost savings have enabled us to invest in areas which can deliver the greatest return, including pipeline development which is critical for our success and future growth.

The most significant event in 2020 was the signing of a global strategic partnership with Elevar Therapeutics, Inc. ('Elevar') for our lead program Apealea® (paclitaxel micellar) for advanced ovarian cancer. This agreement delivered an immediate upfront payment of USD 20 million, with the potential of milestone payments of up to USD 678 million and double-digit royalties in the future.

Our partnership with Elevar continues to go from strength to strength, with several positive developments during the year that underscore the commercial potential of new therapeutic options for ovarian cancer patients. These include Elevar signing a licensing agreement with Inceptua Group for the commercialization of Apealea® in Europe, and with Taiba Middle East FZ LLC in the Middle East and North Africa region. In addition, Elevar announced the signing and subsequent launch of a global named patient program with Tanner Pharma, enabling access to Apealea® outside the US for eligible patients at the request of a treating physician.

In December, following a series of interactions with the US Food and Drug Administration (FDA), we shared an update from Elevar providing clarity on the US commercialization pathway for Apealea®. This includes two additional studies which will be initiated in 2021, before filing a new drug application (NDA) according to Elevar. These two new studies of Apealea may help to secure a successful registration in the U.S. and may provide new data to support a strong product label – critical for commercial success.

As part of our four pillar strategy, we have continued to progress in a number of areas of strategic focus, including exploring additional opportunities to apply our proprietary XR-17™ solubility-enhancing technology in oncology and other therapeutic areas, and out-licensing non-core applications. Specialized investment firms are now helping us to identify appropriate partners for our Animal Health division as well as the XR-17™ platform. We are also actively exploring a number

of potential M&A and in-licensing opportunities that we believe will fit with our strategic goals. We aim to update you shortly as we make progress.

We have also initiated further research into XR-18, a next-generation solubility-enhancing technology platform which we expect to have even greater versatility and potential than XR-17™. With combination therapies becoming ever more prominent in modern medicine, we are also in the process of establishing proof of-concept to demonstrate the feasibility of XR-19, a dual encapsulation solubilization platform, which could have the potential to enable combination therapies to be delivered in a single intravenous administration.

Another key part of our growth strategy is to advance and build our pipeline. Following on from Apealea®, two other promising development candidates are already in or poised for clinical development. Docetaxel micellar is being prepared to progress into a Phase Ib clinical study for advanced prostate cancer with the Swiss Group for Clinical Cancer Research (SAKK). Like Apealea®, Docetaxel micellar uses our proprietary XR-17™ platform to enable intravenous administration of docetaxel without solubility enhancers and therefore has the potential to offer similar benefits to advanced prostate cancer patients in terms of side effect profile and removing the need to take additional drugs. Prostate cancer will affect one in every seven men in their lifetime, so if successful Docetaxel micellar could benefit many patients.

We are also aiming to add a new product candidate in pre-clinical development, using our XR-17™ technology in partnership with a leading academic research institute in Sweden to evaluate potential candidates for progression. I hope to be able to disclose further details soon.

Securing Oasmia's long-term success depends on building a senior team and network of trusted advisors with the expertise and capabilities to deliver our strategic growth plans. I am pleased to report that over the last year we have appointed a few high caliber individuals with significant pharma and biotech experience. These include Fredrik Järrsten joining as Chief Financial Officer, Dr. Heidi Ramstad joining as Chief Medical Officer, and Peter Selin joining as Chief Business Officer. We have also appointed two senior scientists to our technical operations team. Investing in this crucial area of the business will enable us to further develop and upgrade our proprietary technology platforms.

With our growing pipeline and a new and experienced leadership team in place, I look forward to 2021 and beyond with renewed confidence, and to updating you on our progress. Thank you for continuing to support the ongoing transformation of Oasmia as we strive to build a sustainable, profitable, high growth pharmaceutical business.

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

STRATEGY FOR GROWTH

Oasmia is dedicated to improving the lives of patients by enhancing the intravenous delivery of established and novel drugs in significant diseases, in several indications, including cancer. The goal is to establish Oasmia as a leading specialty pharmaceutical company in Europe.

In the spring of 2020 Oasmia announced the outcome of a strategic review assessing all aspects of the business to maximize the company's resources, to achieve the full potential of its XR-17™ platform technology and to optimize Oasmia's path toward long-term, profitable growth.

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

1. **Execute on Apealea® global partnership with Elevar**
2. **Enhancement & partnering of technology platforms**
3. **Clinical development of Docetaxel micellar & new API**
4. **In- & out-licensing, partnering & M&A in oncology**

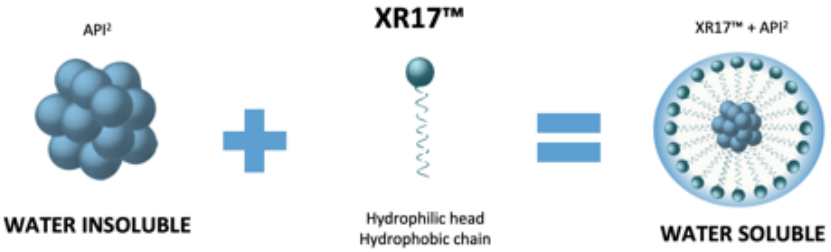
POTENTIAL NEAR AND MID-TERM VALUE DRIVERS

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

- Elevar partnering for Apealea® in key territories and milestone payments and royalties
- XR-18 platform development and XR-19 lab proof of concept
- SAKK docetaxel micellar Phase Ib preparations well under way
- Partnering of XR-17™ and Animal Health assets
- Progress on M&A and in-licensing opportunities to build critical mass in oncology

XR-17™ TECHNOLOGY PLATFORM

Oasmia's products and product candidates are based on the proprietary technology platform XR-17™. This enables a particulate formulation of active pharmaceutical ingredients (APIs) that are otherwise not soluble in water and thus allows their administration to patients. With a combination of XR-17™ and an active pharmaceutical substance, new innovative and patent protected drugs can be created. The benefits of XR-17™ are not limited to cancer drugs and Oasmia is considering using the technology on other drug classes that will benefit from improved solubility.



A significant problem in product development for new pharmaceuticals is that many promising drug candidates are insoluble in water. An estimated 40% of currently marketed drugs, as well as nearly 90% of the investigational drug candidates, have low aqueous solubility. In many cases, a promising substance may be discontinued due to insufficient water solubility. Alternatively, different carriers can be used, for example in the form of polymers or oil derivatives. These carriers often give rise to adverse effects that can be severe. These effects have nonetheless been accepted in cancer treatment, since the drugs are effective and the alternative would otherwise be that the patient is not treated.

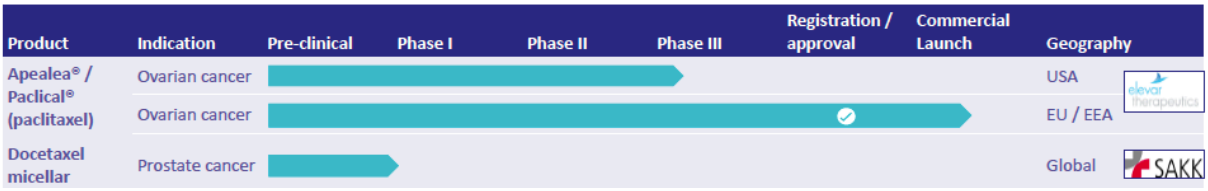
In light of this, Oasmia developed and patented the unique XR-17™ platform, which has the special ability that it can increase the solubility of insoluble compounds. XR-17™ is based on a mixture of two isomers of a proprietary amphiphilic synthetic derivative of retinoic acid (XMeNa and 13XMeNa) that can solubilize water-insoluble substances such as paclitaxel. XR-17™ exhibits amphiphilic properties owing to the presence of both hydrophilic and hydrophobic (lipophilic) structural regions in their molecules. As a result of these structural features, XR-17™ molecules can spontaneously self-assemble in aqueous media to form nanosized structures known as micelles. During the micellization process, the hydrophobic drugs can be solubilized into the hydrophobic core of the XR-17™ micelles. The particles that XR-17™ forms with the APIs are typically between 20 and 60 nanometers in size. These particles have a water-soluble (hydrophilic) exterior and a fat-soluble interior, which means that molecules that are poorly soluble in water will be enclosed in the micelle core. This makes the drug micelles water soluble, allowing administration into the blood. Since XR-17™ itself is well tolerated by the body, treatments with insoluble substances can be made more effective and adverse effects from other solubility enhancers (for example Cremophor EL (CrEL)) can be reduced. XR-17™ provides the benefits of reformulating existing marketed drugs, and/or new drugs in development, using a lower amount of solubilizer relative to the amount of API.

Advantages of XR-17™ with Paclitaxel
The XR-17™ technology makes it possible to encapsulate individual APIs. The beneficial properties of XR-17™ have been confirmed by Oasmia's toxicological and clinical studies. The benefits of XR-17™ with Paclitaxel are:

- Improved solubility, which may result in a safer intravenous administration of APIs to humans and animals.
- Shortened infusion time, which makes the treatment more convenient for patients.
- Reduced need for required premedication (i.e. corticosteroids), since there is a decreased risk of serious hypersensitivity reactions to existing solvents such as Cremophor EL (CrEL) and polysorbate 80.

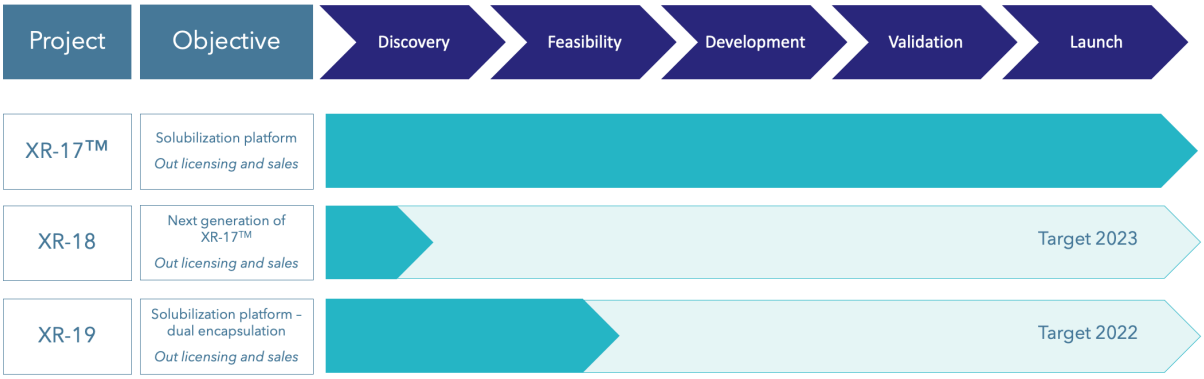
PRODUCT & PROJECT PORTFOLIO

Oasmia's product development is based on the company's proprietary drug delivery technology platform XR-17™ which can be applied to medicines used in many therapeutic areas, to develop water soluble formulations of drugs that currently require chemical solubilizers for dissolution. The first product approved using this technology is Apealea® (paclitaxel micellar).



Apealea®
Apealea® is a patented formulation of paclitaxel in combination with XR-17™. Apealea® has received market authorization in the European Union and several other territories for the treatment of first relapse in platinum-sensitive ovarian cancer, in combination with carboplatin. Oasmia is making Apealea® accessible to patients through its partnership with Elevar Therapeutics, together with its existing commercial operations in the Nordic region.

Docetaxel micellar
Docetaxel micellar is a new formulation of the commonly used cytostatic docetaxel in combination with XR-17™. Generically available docetaxel is given intravenously and contains the solvents polysorbate 80 and ethanol. Oasmia's formulation of docetaxel micellar, on the other hand, is free of ethanol and polysorbate 80. In June 2020, Oasmia partnered with the Swiss Group for Clinical Cancer Research (SAKK) to conduct the first clinical trial of Oasmia's docetaxel micellar compound in advanced prostate cancer.



Novel Formulations of API with XR-17™ Platform
Oasmia's R&D division is working on identifying new APIs to be further developed in conjunction with the company's XR-17™ platform and derivatives thereof. Oasmia intend to develop novel formulations addressing medical and market needs and have selected a library of compounds that may be suitable for formulation with the XR-17™ platform. Oasmia will communicate the results of its research and updated plans for the use of such research in the future.

XR-18
Oasmia has started R&D on XR-18, a next generation technology which is expected to have even greater versatility and potential than XR-17™. Oasmia look forward to sharing more information about XR-18 whenever possible.

XR-19
XR-19 is Oasmia's internal technology, which is under assessment process, for a dual encapsulation technology derived from our XR-17™ technology platform. XR-19 allows the joint encapsulation of two synergistic APIs for a given indication in one micelle. Proof-of- concept studies have shown promising results and Oasmia is evaluating the potential of various combinations that may be used for future development.

ANIMAL HEALTH PORTFOLIO

Oasmia's veterinary product candidates utilize a proprietary formulation technology that is designed to facilitate the administration of intravenously-delivered active pharmaceutical ingredients, without the addition of solvents. Oasmia's initial development and commercialization efforts are focused on creating novel formulations of well-established chemotherapeutic drugs that can be used for the treatment of cancer in companion animals. Oasmia currently has two veterinary oncology product candidates, Doxophos Vet and Paccal Vet. Both product candidates are in the clinical development stage and require additional investment for regulatory approval.

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration / approval	Commercial Launch	Geography
Paccal Vet (paclitaxel)	Mammary Carcinoma							USA
Doxophos Vet (doxorubicin)	Lymphoma							USA

Paccal Vet
Paccal Vet utilizes the company's novel formulation of paclitaxel using the XR-17™ encapsulation technology targeted for treatment of mastocytoma in dogs. The development program for Paccal Vet is currently on hold pending further strategic decision.

Doxophos Vet
Doxophos Vet is a patented formulation of doxorubicin, one of the most effective and commonly used chemotherapeutic agents for the treatment of cancer, which Oasmia is developing for the treatment of lymphoma in dogs. Lymphoma is the most common cancer in dogs representing a significant portion of all canine cancers. Preclinical as well as early clinical studies have been completed with cancer bearing dogs. In those initial trials, Doxophos Vet has shown promising efficacy in, for example, hematological tumors. A Phase 3 clinical study would need to be completed to finalize the development program.

Market potential
Oasmia believe that, if approved, Doxophos Vet and Paccal Vet can address a significant market for cancer treatment in companion animals in the United States and the European Union. Based on global data the total cancer market for dogs is about MUSD 140 in the United States (as of 2018), representing roughly 80 percent of the worldwide cancer market for dogs. The other significant market for dog cancer care is in the European Union. Supportive factors for the market are increasing dog populations in the United States and in Europe and growing willingness to spend on pet healthcare, facilitated by the adoption of pet health insurance.

Strategic assessment of animal health business
Presently, Oasmia is assessing strategic options for the company's animal health business assets, intending to create value opportunities for Oasmia's shareholders. These opportunities may include partnering, licensing and divestment of Oasmia's animal assets.

COMMERCIALIZATION OF APEALEA®

Apealea® (paclitaxel micellar) is indicated in combination with carboplatin for the treatment of adult patients with first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer.

Ovarian cancer indication
The yearly incidence of ovarian cancer[3] is approximately 25 000 in the US, 27 000 in the five major European markets (EU5), and 1 800 in the Nordics. Surgery and post-surgery therapy is the standard therapy according to ESMO (European Society for Medical Oncology) treatment guidelines, whereof standard chemotherapy treatment post-surgery is paclitaxel plus carboplatin, a regimen which has been used for over 15 years. For patients who develop an allergy to, or do not tolerate paclitaxel, the combination of docetaxel and carboplatin, or pegylated liposomal doxorubicin (PLD) together with carboplatin can be considered an alternative. Despite optimal upfront surgery followed by front-line paclitaxel–carboplatin chemotherapy, approximately 70 percent of patients will relapse in the first 3 years[4]. Apealea® in combination with carboplatin is indicated for the treatment of adult patients with first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer.

Indication expansion strategy
Initially, the strategy is to aim for a group of patients, a niche group, who are seen, of several reasons, not suitable for having the solvent-based generic paclitaxel (hypersensitivity to the solvent Cremophor-EL, hypertension, diabetes, high blood pressure)[5] [6] [7] [8]. Following this first step, aiming for the niche populations, when the hospital physicians get increasing experience from Apealea® treatment, next step will be to expand Apealea® usage to cover the whole labelled indication.

Global – Strategic partnership with Elevar
In March 2020, Oasmia and US-based Elevar Therapeutics Inc., a subsidiary of multinational HLB, signed a global strategic partnership deal regarding the commercialization of Apealea®. The agreement includes milestone payments with a potential of up to MUSD 678 depending on Elevar's achievement of future sales milestones, clinical development milestones and regulatory approval milestones. Elevar will also pay Oasmia double-digit royalties on sales of Apealea®. Oasmia has received MUSD 20 as an upfront payment and retains sole control over development of XR-17™.

Elevar has global exclusive rights to commercialize Apealea, with the exception of the Nordics, Baltics, and the Russian Federation in which Oasmia will continue to drive commercialization. Elevar is also responsible for NDA filing in the United States. The arrangement gives Elevar the right to sub-license Apealea® to other strategic partners.

Elevar is exploring the potential utility of Apealea in other indications beyond ovarian cancer. Apealea has received Orphan Drug Designation from the FDA for the treatment of ovarian cancer, which could lead to benefits including seven years of market exclusivity.

Oasmia and Elevar are continuously working collaboratively on issues of further product development in a Joint Development Committee which is composed of product development executives of both companies. Further, both companies have also established a Joint Steering Committee, composed of senior executives of both companies, overseeing the overall progress of the transition of responsibility for the commercialization and further development of Apealea®, from Oasmia to Elevar, and providing additional input on all aspects of the transition.

In December 2020 Oasmia shared an update from Elevar on the development plan for Apealea® in ovarian cancer. Elevar has had interactions with the FDA and received guidance for further

[3] https://gco.iarc.fr/today/home
[4] www.annalsofoncology.org/article/S0923-7534(19)31561-3/pdf
[5] Sendo, T el al, Cancer Chemotherapy and Pharmacology, July 2005, Volume 56, Issue 1, pp 91–96
[6] Oncotarget. 2018 Apr 17; 9(29): 20855–20871
[7] https://www.who.int/news-room/fact-sheets/detail/hypertension
[8] Curr Oncol. 2013 Dec; 20(6): e532–e538. 8. Scott, Susan et al, Journal of Thoracic Oncology Vol. 13 No. 11: 1771-1775

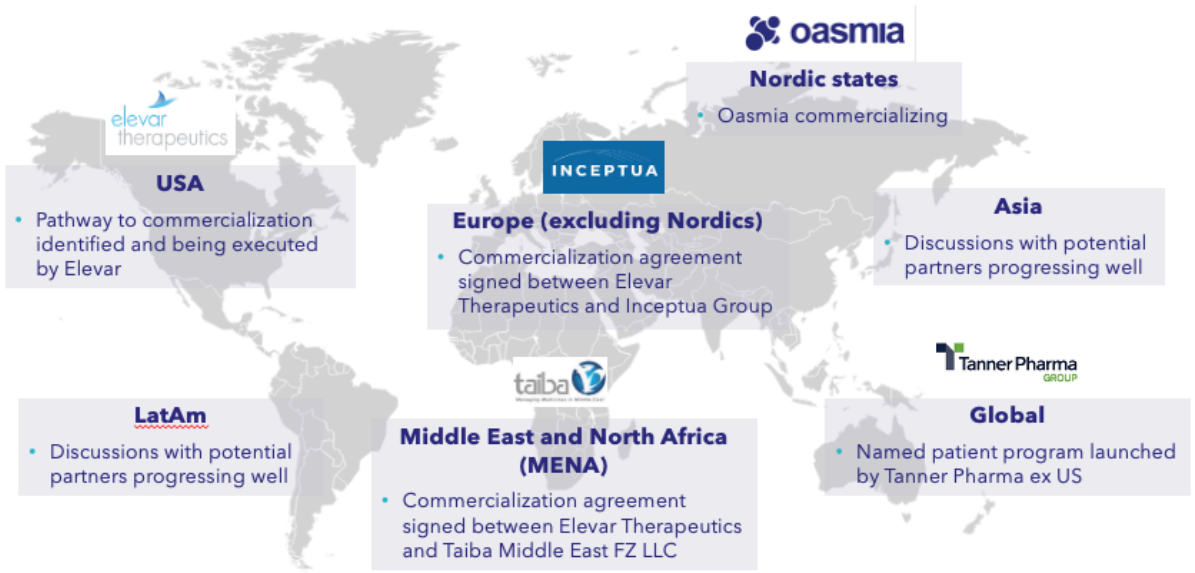
advancing the development program for Apealea®. Following these interactions, Elevar has decided to complete two new studies with Apealea, which will both be initiated in 2021 before filing the new drug application (NDA). The first study planned by Elevar is a pharmacokinetics study which Elevar aims to initiate in 2021. This study is expected to take approximately 12 months to complete. Elevar is also planning to initiate a pivotal superiority study to investigate the safety and efficacy of Apealea in epithelial ovarian cancer. Elevar is working closely with The GOG Foundation (GOG-F) through its GOG Partners program in the U.S. to plan and execute this global study in 2021. This study is expected to take approximately 24-36 months to complete.

In July 2020, Elevar initiated a partnership with Tanner Pharma Group that will facilitate access to Apealea® in areas outside of the United States where Apealea® is not commercially available, and in October 2020, Elevar signed an agreement with Taiba Middle East FZ LLC for commercialization of Apealea® in the Middle East and North Africa Region. In December 2020 Elevar signed a licensing agreement with Inceptua Group for the commercialization of Apealea® in Europe, excluding the Nordic countries, the CIS countries, including Russia, and the Baltics. Elevar is currently considering potential partners for other key markets.

The Nordics – Launch continues to be heavily affected by Covid 19-pandemic situation

Oasmia has been making Apealea® accessible to patients through its existing commercial operations in the Nordic region since 2020. The corona pandemic situation has continued to make it difficult to access Health Care Professionals (HCPs).

In Finland, hospitals are partially accessible for remote discussion and Oasmia continues to work to remotely meet clinical teams to discuss Apealea®. In Sweden, the corona pandemic has made it very difficult to access HCPs. In Denmark, Oasmia has previously been advised that an HTA (Health Technology Assessment) application would be difficult to support as the emphasis is on generic drug options where there is an available generic option.



Oasmia has since 2020 a strategic partnership with US-based Elevar Therapeutics Inc. for the commercialization of Apealea®. Within the agreement Elevar has the global exclusive rights to commercialize Apealea®, with the exception of the Nordics, Baltics, and Russian Federation. In December 2020 Elevar signed a licensing agreement with Inceptua Group for the commercialization of Apealea® in Europe. In the Nordics Oasmia is launching Apealea® through its existing commercial operations.

FINANCIAL INFORMATION

Condensed consolidated income statement

TSEK	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Net sales	120	132	482	565	201,843
Operating profit/loss	-28,580	-34,056	-131,493	-117,256	-30,086
Profit/loss for the period	-33,627	-35,171	-140,270	-93,263	-10,533
Earnings per share before and after dilution, SEK	-0.07	-0.15	-0.31	-0.36	-0.03

THIRD QUARTER

1 November – 31 December 2020

Shortened financial year and third quarter

The Annual General Meeting on September 9, 2020 resolved to change the company's financial year to the calendar year, which entailed shortening the current financial year to the period from May 1 to December 31, 2020. The third quarter was correspondingly shortened to comprise the period from November 1 to December 31, 2020. This report includes comparative figures for the corresponding periods last year, that is for the period May 1 to December 31, 2019 and the period November 1 to December 31, 2019.

This change also means that Oasmia will not be publishing any report for the fourth quarter of the current financial year. From January 1, 2021, the company will be using the calendar year as its financial year, and therefore, its next interim report will cover the first quarter of 2021, namely the period from January 1 to March 31, 2021.

Net sales

Net sales amounted to TSEK 120 (132) and comprised sales of goods for TSEK 95 (0) and supplies for TSEK 0 (59) as well as licensing revenues of TSEK 25 (73).

Other operating income

Other operating income amounted to TSEK 1,810 (0) and comprised recharged costs of TSEK 1,806 (0) and foreign exchange gains on customer invoices of TSEK 4 (0).

Operating profit/loss

The operating loss amounted to TSEK -28,580 (-34,056).

As part of alignment with the partnership agreement contracted between Oasmia and Elevar Therapeutics, Inc. in March 2020, a substantial share of the company's in-house production was closed down in the autumn. This was due to Elevar taking over the production and product development of Apealea. Moreover, the company's staff reductions within the framework of the autumn's cost-reduction program have enabled Oasmia to contract more appropriate premises for its operations. Accordingly, notice was given on the current premises after the closing day and Oasmia will be moving its operations to these new premises within the next few months.

The above circumstances have resulted in restructuring costs being charged to the quarter. Production equipment and previously capitalized leasehold improvements in particular, were written down in an amount of MSEK 5.7 million, which largely explains the quarter's year-on-year increase in the profit or loss item Depreciation, amortization and impairment to TSEK -11,190 (-2,049).

During the fourth quarter of the last financial year, the capitalization of development costs for Apealea®/Paclical was halted and amortization of capitalized development costs for this product started. This has also contributed to increased depreciation for the year.

The increase in depreciation and impairment was offset by the substantial reduction in employee benefit expenses for the quarter, TSEK -5,525 (-10,774), which was due to the aforementioned cost-reduction program that was implemented during the year.

The number of employees at the end of the quarter was 29 (61).

Net financial items
Net financial items of TSEK -5,047 (-1,115) consisted of financial income amounting to TSEK 480 (234) and financial expenses of TSEK 5,527 (1,349). The financial income comprised capital gains on short-term investments of TSEK 246 (0) and interest income from current financial receivables of TSEK 234 (234).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 1,136 (1,136), exchange losses on cash and cash equivalents of TSEK 2,440 (0), interest expenses from leases of TSEK 242 (167) and other financing costs of TSEK 9 (46). The exchange losses on cash and cash equivalents primarily resulted from the negative impact of the USD exchange rate trend in the quarter on the Parent Company's USD holdings.

Moreover, a holding in an external company, which is reported under financial non-current assets in the balance sheet, was written down with TSEK 1,700 (0) and was recognized as a financial expense during the quarter.

Profit/loss before tax
Income before tax amounted to TSEK -33,627 (-35,171). The year-on-year difference was mainly due to a decrease in net financial items, which as previously described, derived from the impairment of a share holding and from the unfavorable USD exchange rate trend in the quarter.

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

Profit/loss for the quarter
The net loss after tax was TSEK -33,627 (-35,171).

Cash flow and capital expenditure
Net cash flow for the quarter was TSEK -9,990 (296,622) and consisted of Cash flow from operating activities of TSEK -38,027 (-29,608), Cash flow from investing activities of TSEK 29,501 (-714) and Cash flow from financing activities of TSEK -1,463 (-326,944).

Cash flow from operating activities
The cash flow from operating activities for the quarter was TSEK -38,027 (-29,608). The year-on-year decrease in cash flow from operating activities in the third quarter was primarily due to an increase in payments for accounts payable and other current liabilities this year, but also to a slight increase in inventory.

Cash flow from investing activities
Cash flow from investing activities for the quarter was TSEK 29,501 (-714).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the quarter consisted of investments in intangible assets of TSEK 0 (358) and investments in property, plant and equipment of TSEK 499 (356). Investments in intangible assets consisted of capitalized development costs of TSEK 0 (354) and of patents of TSEK 0 (4). Investments in property, plant and equipment mainly consisted of capital expenditure for IT equipment in the quarter.

Short-term investments
During the quarter, short-term fixed-income funds amounting to TSEK 30,000 (0) were divested. These flows are reported in the cash flow statement as divestments of short-term investments.

Cash flow from financing activities

The cash flow from financing activities amounted to TSEK -1,463 (326,944) and comprised amortization of lease liabilities of TSEK -1,463 (-1,007). These primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

A rights issue was completed last year that gave rise to an inflow of TSEK 351,660 and an outflow of TSEK 23,709 due to issue expenses.

THE FINANCIAL YEAR

May 1 – December 31, 2020

Shortened financial year and third quarter

The Annual General Meeting on September 9, 2020 resolved to change the company's financial year to the calendar year, which entailed shortening the current financial year to the period from May 1 to December 31, 2020. The third quarter was correspondingly shortened to comprise the period from November 1 to December 31, 2020. This report includes comparative figures for the corresponding periods last year, that is for the period May 1 to December 31, 2019 and the period November 1 to December 31, 2019.

This change also means that Oasmia will not be publishing any report for the fourth quarter of the current financial year. From January 1, 2021, the company will be using the calendar year as its financial year, and therefore, its next interim report will cover the first quarter of 2021, namely the period from January 1 to March 31, 2021.

Net sales

Net sales amounted to TSEK 482 (565) and comprised sales of goods for TSEK 95 (0) and supplies for TSEK 288 (273) as well as licensing revenues of TSEK 99 (292).

Other operating income

Other operating income amounted to TSEK 2,489 (12) and comprised recharged costs of TSEK 2,196 (12), compensation for sick pay expenses of TSEK 83 (0) and foreign exchange gains on customer invoices of TSEK 210 (0).

Operating profit/loss

The operating loss amounted to TSEK -131,493 (-117,256). The deterioration in earnings was mainly attributable to the increase in employee benefit expenses, TSEK -45,519 (-39,839), and higher depreciation, amortization and impairment, TSEK -28,930 (-8,193).

The increase in employee benefit expenses primarily pertained to severance costs for personnel that stemmed from the staff reductions implemented in the first two quarters of the year. As stated in the above comments for the quarter, this has led to lower employee benefit expenses in the third quarter.

During the fourth quarter of the last financial year, the capitalization of development costs for Apealea®/Paclical was halted and amortization of capitalized development costs for this product started. This has also contributed to a significant increase in depreciation for the year.

As part of alignment with the partnership agreement contracted between Oasmia and Elevar in March 2020, a substantial share of the company's in-house production was closed down in the autumn. This was due to Elevar taking over the production and product development of Apealea. Moreover, the above staff reductions have enabled Oasmia to contract more appropriate premises for its operations. Accordingly, notice was given on the current premises after the closing day and Oasmia will be moving its operations to these new premises within the next few months.

The above circumstances have resulted in some restructuring costs being charged to the year. This pertained primarily to production equipment and previously capitalized leasehold improvements, which were written down in an amount of MSEK 5.7 million, but capitalized right-of-use assets in properties were also written down, MSEK 4.1, which also contributed to the increase in Depreciation, amortization and impairment.

The number of employees at the end of the period was 29 (61).

Net financial items
Net financial items of TSEK -8,777 (-8,829) consisted of financial income amounting to TSEK 4,138 (702) and financial expenses of TSEK 12,915 (9,531). The financial income comprised capital gains on short-term investments of TSEK 3,196 (0), foreign exchange gains on cash and cash equivalents of TSEK 2 (15) and interest income from current financial receivables of TSEK 940 (687).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 4,564 (4,564), exchange losses on cash and cash equivalents of TSEK 5,941 (29), interest expenses from leases of TSEK 631 (702) and other financing costs of TSEK 79 (213). Moreover, an expense for financing costs for convertible debt instruments of TSEK 4,023 was recognized in the corresponding period last year.

In addition, a holding in an external company, which is reported under Financial non-current assets in the balance sheet, was written down with TSEK 1,700 (0) and was recognized as a financial expense.

Profit/loss before tax
Income before tax amounted to TSEK -140,270 (-126,085). The year-on-year difference was mainly due to the deterioration in operating income.

Income tax
Reported income tax for the period was TSEK 0 (32,822). In the 2018/2019 financial year, a transaction was carried out with the US subsidiary AdvaVet that gave rise to the recognition of a deferred tax liability of TSEK 32,822. Last year, this deferred tax liability was reversed in profit or loss, which resulted in tax income of TSEK 32,822.

Profit/loss for the year
The net loss after tax was TSEK -140,270 (-93,263). The difference compared with last year was mainly due to income tax, see above, but also due to the deterioration in income before tax.

Cash flow and capital expenditure
Net cash flow for the year was TSEK -154,952 (209,378) and consisted of Cash flow from operating activities of TSEK -136,575 (-122,957), Cash flow from investing activities of TSEK -14,366 (-50,000) and Cash flow from financing activities of TSEK -4,010 (382,335).

Cash flow from operating activities
Cash flow from operating activities for the period was TSEK -136,575 (-122,957). Inventories have been built up during the period, the majority of which will be taken over by Elevar. This is recognized under the item Change in inventories in the cash flow statement. Elevar has made partial prepayments for these inventories, which is reflected in the item Change in other current liabilities.

Cash flow from investing activities
Cash flow from investing activities for the year was TSEK -14,366 (-50,000).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the year consisted of investments in intangible assets of TSEK 0 (2,318) and investments in property, plant and equipment of TSEK 4,366 (7,431). Investments in intangible assets consisted of capitalized development costs of TSEK 0 (2,216) and of patents of TSEK 0 (102). Investments in property, plant and equipment mainly consisted of capital expenditure for production equipment but also for some IT equipment.

Investments in financial assets

No investments in financial assets were made during the year. A claim on the company MGC Capital Ltd. was acquired last year and is reported under investments in financial assets in an amount of TSEK 40,251.

Short-term investments
During the year, TSEK 100,000 (0) was invested in short-term fixed-income funds and short-term fixed-income funds amounting to TSEK 90,000 (0) were divested. These flows are reported respectively in the cash flow statement as short-term investments and divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -4,010 (382,335) and comprised amortization of lease liabilities of TSEK -4,010 (-3,616). These primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

Last year's cash flow from financing activities also included a new issue that raised TSEK 426,660 and advance payments of TSEK 45,000 in conjunction with a new issue. The outflow for issue expenses amounted to TSEK 23,709.

Moreover, convertible debt instrument repayments of TSEK 62,000 were made last year.

Financing and financial position

Cash and cash equivalents
The Group's cash and cash equivalents at the end of the year amounted to TSEK 40,128 (325,658).

Short-term investments
The company's liquidity surplus was invested in short-term fixed-income funds. The funds' rates are subject to low volatility and the fund units can be converted into cash within a few banking days. As of December 31, 2020, the value of the funds was TSEK 247,277 (0).

Other borrowings
On December 31, 2020, Oasmia had a debt to MGC amounting to TSEK 80,000 (80,000), which is reported in the balance sheet as Other borrowings. This debt fell due on August 24, 2019 and, on submission of this report, remained disputed and had not been settled. In July 2019, Oasmia acquired a claim on MGC of TSEK 60,251 from Arwidsro Investment AB. This receivable was acquired for TSEK 40,251 and is reported in the balance sheet under Other current receivables at this value. This receivable fell due on August 24, 2019 and, on the submission of this year-end report, remained disputed and had not been settled. However, when the debt to MGC has been settled, the nominal value of TSEK 60,251 is expected to be offset, whereby an income of approximately TSEK 20,000 is expected to arise. See also Note 6.

In accordance with IFRS 16 Leases, the Group recognizes the present value of future lease payments as interest-bearing liabilities. At year end, the reported lease liabilities amounted to TSEK 10,749 (15,479), of which long-term liabilities were TSEK 6,545 (10,183).

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

Equity
At the end of the quarter, equity amounted to TSEK 680,197 (738,491), the equity/assets ratio was 79% (83), and the debt/equity ratio was negative (negative). The reason that the debt/equity ratio is negative is that net debt is negative, meaning that the sum of cash and cash equivalents and short-term investments is greater than borrowing.

Dividend
The Board intends to propose that no dividend is distributed for the financial year from May 1, 2020 to December 31, 2020.

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

As of December 31, 2020, the number of financial instruments outstanding was as follows:

	No. of options	Max. No. of shares	Subscription price
Warrants which can be converted to three shares	1,280,250	3,840,750	USD 4.06
Employee stock options which can be converted to one share[1]	896,739	896,739	SEK 7.36
Employee stock options which can be converted to one share[2]	75,000	75,000	SEK 7.84
Max. No. of shares		**4,812,489**	

[1] Directed at the CEO

[2] Directed at other senior executives

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

The employee stock option program is directed at the company's CEO and other senior executives. 896,739 options have been issued which can be converted into the same number of shares at a price of SEK 7.36 during the period from February 13, 2023 to April 13, 2024 subject to the CEO's continued employment for three years. 75,000 options have been issued which can be converted into the same number of shares at a price of SEK 7.84 during the period from October 1, 2023 to September 30, 2024 subject to the senior executive's continued employment for three years.

Effects of the Covid-19 pandemic

Market

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

Personnel

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

Supply chain

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

Legal and supplementary information

No legal event or material change has arisen in addition to those events reported in the previous quarterly reports and annual report dated April 2020 during the current quarter.

Parent Company

The Parent Company's net sales for the year amounted to TSEK 482 (565) and income before tax was TSEK -139,949 (-131,959). At December 31, 2020, the Parent Company's cash and cash equivalents amounted to TSEK 39,957 (325,440) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 247,277 (0).

Key metrics and other information

	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
No. of shares at end of period, before and after dilution, thousand	448,370	447,424	448,370	447,424	448,370
Weighted average No. of shares, before and after dilution, thousand	448,370	230,786	448,370	260,386	398,395
Earnings per share before and after dilution, SEK	-0.07	-0.15	-0.31	-0.36	-0.03
Equity per share, SEK	1.52	1.65	1.52	1.65	1.83
Equity/assets ratio, %	79	83	79	83	82
Net liability, TSEK	neg.	neg.	neg.	neg.	neg.
Debt/equity ratio, %	neg.	neg.	neg.	neg.	neg.
Return on total assets, %	neg.	neg.	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.	neg.	neg.
Number of employees at period end	29	61	29	61	63

Definitions

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

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

	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Equity per share					
Equity attributable to Parent Company shareholders at the end of the period, TSEK	680,197	738,491	680,197	738,491	819,389
No. of shares at period end, thousand	448,370	447,424	448,370	447,424	448,370
Equity per share, SEK	**1.52**	**1.65**	**1.52**	**1.65**	**1.83**
Equity/assets ratio					
Equity at period end, TSEK	680,197	738,491	680,197	738,491	819,389
Total assets at period end, TSEK	863,542	893,859	863,542	893,859	1,005,347
Equity/assets ratio	**79%**	**83%**	**79%**	**83%**	**82%**
Net liability, TSEK					
Other borrowings	80,000	80,000	80,000	80,000	80,000
Total borrowings	80,000	80,000	80,000	80,000	80,000
Short-term investments	247,277	–	247,277	–	234,080
Cash and cash equivalents	40,128	325,658	40,128	325,658	201,018
Total short-term investments, and cash and cash equivalents	287,405	325,658	287,405	325,658	435,098
Net liability	**-207,405**	**-245,658**	**-207,405**	**-245,658**	**-355,098**
Debt/equity ratio					
Net liability, TSEK	-207,405	-245,658	-207,405	-245,658	-355,098
Equity, TSEK	680,197	738,491	680,197	738,491	819,389
Debt/equity ratio	**-30%**	**-33%**	**-30%**	**-33%**	**-43%**
Return on total assets					
Income before deduction of interest expenses	-28,100	-33,822	-127,355	-116,554	-28,917
Average total assets	889,390	749,450	934,444	671,766	805,193
Return on total assets	**-3%**	**-5%**	**-14%**	**-14%**	**-4%**
Return on equity					
Profit/loss before tax	-33,627	-35,171	-140,270	-126,085	-43,356
Average equity	696,897	560,995	749,793	560,995	601,444
Return on equity	**-5%**	**-6%**	**-19%**	**-22%**	**-7%**

Consolidated income statement

TSEK	Note	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Net sales		120	132	482	565	201,843
Other operating income		1,810	–	2,489	12	427
Change in inventories of products in progress and finished goods		369	-735	21,672	7,406	20,904
Capitalized development costs		–	354	–	2,216	4,356
Raw materials and consumables used		-473	-919	-4,062	-3,819	-11,258
Other external expenses		-13,692	-20,066	-77,627	-75,605	-162,539
Employee benefit expenses		-5,525	-10,774	-45,519	-39,839	-63,787
Depreciation, amortization and impairment		-11,190	-2,049	-28,930	-8,193	-20,032
Operating profit/loss		**-28,580**	**-34,056**	**-131,493**	**-117,256**	**-30,086**
Financial income		480	234	4,138	702	1,169
Financial expenses		-5,527	-1,349	-12,915	-9,531	-14,439
Financial income and expenses - net		**-5,047**	**-1,115**	**-8,777**	**-8,829**	**-13,270**
Profit/loss before tax		**-33,627**	**-35,171**	**-140,270**	**-126,085**	**-43,356**
Income tax	2	–	–	–	32,822	32,822
Profit/loss for the period		**-33,627**	**-35,171**	**-140,270**	**-93,263**	**-10,533**
Profit/loss for the period attributable to:						
Parent Company shareholders		-33,627	-35,171	-140,270	-93,263	-10,533
Non-controlling interests		–	–	–	–	–
Earnings per share before and after dilution, SEK		-0.07	-0.15	-0.31	-0.36	-0.03

Consolidated statement of comprehensive income

TSEK	Note	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Profit/loss for the period		**-33,627**	**-35,171**	**-140,270**	**-93,263**	**-10,533**
Other comprehensive income						
Items that may subsequently be transferred to the income statement:						
Translation differences		42	582	468	412	-559
Total other comprehensive income		**42**	**582**	**468**	**412**	**-559**
Comprehensive income for the period		**-33,585**	**-34,588**	**-139,802**	**-92,851**	**-11,092**
Comprehensive income attributable to:						
Parent Company shareholders		-33,585	-34,588	-139,802	-92,851	-11,092
Non-controlling interests		–	–	–	–	–

Consolidated statement of financial position

TSEK	Note	Dec 31, 2020	Dec 31, 2019	Apr 30, 2020
ASSETS				
Non-current assets				
Property, plant and equipment		17,630	36,322	28,014
Capitalized development costs	3	420,334	433,507	433,357
Other intangible assets		9,197	10,040	9,759
Financial assets		302	2,002	2,002
Total non-current assets		**447,462**	**481,871**	**473,132**
Current assets				
Inventories	4	51,496	15,833	28,837
Accounts receivable		1,489	3,446	59
Other current receivables		43,063	47,188	43,848
Prepaid expenses and accrued income		32,628	19,863	24,372
Short-term investments		247,277	–	234,080
Cash and cash equivalents		40,128	325,658	201,018
Total current assets		**416,079**	**411,988**	**532,215**
TOTAL ASSETS		**863,542**	**893,859**	**1,005,347**
EQUITY				
Equity and reserves attributable to Parent Company shareholders				
Share capital		44,837	44,837	44,837
Other capital provided		1,904,760	1,905,010	1,904,150
Reserves		-743	-240	-1,211
Retained earnings, including income for the period		-1,268,657	-1,211,116	-1,128,386
Equity attributable to Parent Company shareholders		**680,197**	**738,491**	**819,389**
Equity attributable to non-controlling interests		0	0	0
Total equity		**680,197**	**738,491**	**819,389**
LIABILITIES				
Long-term liabilities				
Lease liabilities, long-term		6,545	10,183	**8,845**
Total long-term liabilities		**6,545**	**10,183**	**8,845**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		10,678	22,570	22,524
Lease liabilities, short-term		4,204	5,296	5,320
Other current liabilities		4,660	3,677	3,488
Accrued expenses and deferred income		77,259	33,644	65,780
Total current liabilities		**176,800**	**145,186**	**177,112**
Total liabilities		**183,345**	**155,369**	**185,957**
TOTAL EQUITY AND LIABILITIES		**863,542**	**893,859**	**1,005,347**

Consolidated statement of changes in equity

	Attributable to Parent Company shareholders						
TSEK	Share capital	Other capital provided	Reserves	Retained earnings, including profit/loss for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, May 1, 2019	**22,490**	**1,479,513**	**-652**	**-1,117,854**	**383,499**	**0**	**383,499**
Profit/loss for the period	–	–	–	-93,263	-93,263	–	-93,263
Other comprehensive income	–	–	412	–	412	–	412
Comprehensive income for the period	**0**	**0**	**412**	**-93,263**	**-92,851**	**0**	**-92,851**
New share issues	22,347	451,204	–	–	473,551	–	473,551
Issue expenses		-25,707	–	–	-25,707	–	-25,707
Closing balance, December 31, 2019	**44,837**	**1,905,010**	**-240**	**-1,211,116**	**738,491**	**0**	**738,491**
Opening balance, May 1, 2019	**22,490**	**1,479,513**	**-652**	**-1,117,854**	**383,499**	**0**	**383,499**
Profit/loss for the year	–	–	–	-10,533	-10,533	–	-10,533
Other comprehensive income	–	–	-559	–	-559	–	-559
Comprehensive income for the year	**0**	**0**	**-559**	**-10,533**	**-11,092**	**0**	**-11,092**
Employee stock options	–	120	–	–	120	–	120
New share issues	22,347	451,204	–	–	473,551	–	473,551
Issue expenses	–	-26,687	–	–	-26,687	–	-26,687
Closing balance, April 30, 2020	**44,837**	**1,904,150**	**-1,211**	**-1,128,386**	**819,389**	**0**	**819,389**
Opening balance, May 1, 2020	**44,837**	**1,904,150**	**-1,211**	**-1,128,386**	**819,389**	**0**	**819,389**
Profit/loss for the period	–	–	–	-140,270	-140,270	–	-140,270
Other comprehensive income	–	–	468	–	468	–	468
Comprehensive income for the period	**0**	**0**	**468**	**-140,270**	**-139,802**	**0**	**-139,802**
Employee stock options	–	610	–	–	610	–	610
Closing balance, December 31, 2020	**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**

Consolidated statement of cash flows

TSEK	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Operating activities					
Operating profit/loss	-28,580	-34,056	-131,493	-117,256	-30,086
Adjustments for non-cash items	11,417	2,632	29,413	8,599	26,509
Interest received	–	–	3	15	19
Interest paid	-243	-250	-680	-4,140	-4,373
Cash flow from operating activities before changes in working capital	**-17,405**	**-31,672**	**-102,758**	**-112,781**	**-7,931**
Changes in working capital					
Change in inventories	-2,144	650	-22,658	-8,413	-26,821
Change in accounts receivable	-1,418	137	-1,430	88	-23
Change in other current receivables	911	-6,588	-6,563	-7,950	-12,891
Change in accounts payable	-7,186	6,526	-11,846	3,303	4,732
Change in other current liabilities	-10,785	1,339	8,680	2,796	36,068
Cash flow from operating activities	**-39,490**	**-29,608**	**-136,575**	**-122,957**	**-6,866**
Investing activities					
Investments in intangible assets	–	-358	–	-2,318	-4,458
Investments in property, plant and equipment	-499	-356	-4,366	-7,431	-8,415
Investments in financial assets	–	–	–	-40,251	-40,251
Short-term investments	–	–	-100,000	–	-280,000
Divestment of short-term investments	30,000	–	90,000	–	45,000
Cash flow from investing activities	**29,501**	**-714**	**-14,366**	**-50,000**	**-288,124**
Financing activities					
Repayment of convertible debt instruments	–	–	–	-62,000	-62,000
Amortization of lease liability	-1,463	-1,007	-4,010	-3,616	-5,141
Advances in connection with new share issue	–	–	–	45,000	45,000
New share issues	–	351,660	–	426,660	428,551
Issue expenses	–	-23,709	–	-23,709	-26,688
Cash flow from financing activities	**-1,463**	**326,944**	**-4,010**	**382,335**	**379,721**
Cash flow for the period	**-9,990**	**296,622**	**-154,952**	**209,378**	**84,731**
Effects of exchange rate changes on cash and cash equivalents	**-2,440**	**-3**	**-5,938**	**8**	**15**
Cash and cash equivalents at the beginning of the period	**52,558**	**29,039**	**201,018**	**116,272**	**116,272**
Cash and cash equivalents at the end of the period	**40,128**	**325,658**	**40,128**	**325,658**	**201,018**

Parent Company income statement

TSEK	Note	2020 Nov–Dec	2019 Nov–Dec	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Net sales		120	132	482	565	201,843
Change in inventories of products in progress and finished goods		369	-735	21,672	7,406	20,904
Capitalized development costs		0	354	0	2,216	4,356
Other operating income		1,810	-121	2,489	-21	427
Raw materials and consumables used		-473	-919	-4,062	-3,819	-11,258
Other external expenses		-14,673	-20,324	-85,381	-77,410	-167,052
Employee benefit expenses		-5,525	-10,779	-45,519	-34,741	-58,667
Depreciation, amortization and impairment of tangible and intangible non-current assets		-9,647	-1,122	-21,163	-4,544	-14,528
Operating profit/loss		**-28,019**	**-33,514**	**-131,482**	**-110,348**	**-23,975**
Profit/loss from participations in Group companies		-611	-369	-738	-13,485	-14,519
Other interest income and similar income		897	1,101	4,555	702	1,863
Impairment of financial non-current assets		-1,700	–	-1,700	–	–
Interest expenses and similar expenses		-3,585	-2,050	-10,584	-8,828	-13,436
Financial income and expenses - net		**-4,999**	**-1,318**	**-8,467**	**-21,611**	**-26,092**
Profit/loss before tax		**-33,018**	**-34,832**	**-139,949**	**-131,959**	**-50,067**
Income tax on profit/loss for the period	2	–	–	–	–	–
Profit/loss for the period		**-33,018**	**-34,832**	**-139,949**	**-131,959**	**-50,067**

Parent Company balance sheet

TSEK	Note	Dec 31, 2020	Dec 31, 2019	Apr 30, 2020
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalized development costs	3	420,334	433,507	433,357
Concessions, patents, licenses, trademarks and similar rights		9,197	10,040	9,759
Property, plant and equipment				
Equipment, tools and fixtures and fittings		9,310	11,631	10,722
Construction in progress and advance payments for property, plant and equipment		654	8,000	2,455
Financial assets				
Participations in Group companies	5	60	255	60
Other securities held as non-current assets		301	2,001	2,001
Total non-current assets		**439,856**	**465,434**	**458,354**
Current assets				
Inventories, etc.	4			
Raw materials and supplies		7,414	5,160	6,427
Products in progress		10,811	5,256	7,890
Finished goods		33,271	5,417	14,520
		51,496	15,833	28,837
Current receivables				
Accounts receivable		1,489	3,446	59
Receivables from Group companies		–	31	–
Other current receivables		43,061	47,186	43,847
Prepaid expenses and accrued income		33,969	21,400	25,399
		78,519	72,063	69,305
Short-term investments		247,277	–	234,080
Cash and bank balances		39,957	325,440	200,819
Total current assets		**417,249**	**413,336**	**533,041**
TOTAL ASSETS		**857,105**	**878,770**	**991,395**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		44,837	44,837	44,837
Statutory reserve		4,620	4,620	4,620
Reserve for development costs		27,096	26,281	28,231
		76,553	75,738	77,688
Non-restricted equity				
Share premium reserve		1,905,073	1,905,321	1,904,463
Retained earnings		-1,156,888	-1,106,006	-1,107,956
Profit/loss for the period		-139,949	-131,959	-50,067
		608,236	667,356	746,440
Total equity		**684,789**	**743,094**	**824,128**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		9,093	20,879	20,741
Liabilities to Group companies		2,784	2,784	2,784
Other current liabilities		3,177	2,195	2,005
Accrued expenses and deferred income		77,262	29,818	61,736
Total current liabilities		**172,316**	**135,676**	**167,267**
TOTAL EQUITY AND LIABILITIES		**857,105**	**878,770**	**991,395**

Parent Company statement of changes in equity

	Restricted equity			Non-restricted equity		
TSEK	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve	Retained earnings, including profit/loss for the year	Total equity
Opening balance, May 1, 2019	**22,490**	**4,620**	**24,199**	**1,479,826**	**-1,103,924**	**427,211**
Profit/loss for the period	–	–		–	-131,959	-131,959
Provision to Reserve for development costs	–	–	2,216	–	-2,216	0
Reversal of Reserve for development costs	–	–	-134	–	134	0
New share issues	22,347	–	–	451,204	–	473,551
Issue expenses	–	–	–	-25,707	–	-25,707
Closing balance, December 31, 2019	**44,837**	**4,620**	**26,281**	**1,905,321**	**-1,237,965**	**743,094**
Opening balance, May 1, 2019	**22,490**	**4,620**	**24,199**	**1,479,826**	**-1,103,924**	**427,211**
Profit/loss for the year	–	–	–	–	-50,067	-50,067
Provision to Reserve for development costs	–	–	4,356	–	-4,356	0
Reversal of Reserve for development costs	–	–	-324	–	324	0
Employee stock options				120		120
New share issues	22,347	–	–	451,204	–	473,551
Issue expenses	–	–	–	-26,687	–	-26,687
Closing balance, April 30, 2020	**44,837**	**4,620**	**28,231**	**1,904,463**	**-1,158,023**	**824,128**
Opening balance, May 1, 2020	**44,837**	**4,620**	**28,231**	**1,904,463**	**-1,158,023**	**824,128**
Profit/loss for the period	–	–	–	–	-139,949	-139,949
Provision to Reserve for development costs	–	–	–	–	–	0
Reversal of Reserve for development costs	–	–	-1,135	–	1,135	0
Employee stock options	–	–	–	610	–	610
Closing balance, December 31, 2020	**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**

NOTE 1 – Accounting policies, etc.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Securities Market Act. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as recommendation RFR 1 Supplementary Accounting Regulations for Groups and the Annual Accounts Act. The Group's accounting policies and calculation methods are consistent with those used in the Annual Report for the financial year from May 1, 2019 to April 30, 2020.

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

No new or amended IFRS standards or IFRIC interpretations have entered force since May 1, 2020 that have had any impact on Oasmia's financial statements.

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

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

As a result of the Annual General Meeting on September 9, 2020 resolving to change the financial year to the calendar year, this report encompasses the shortened financial year of May 1 to December 31, 2020 and the shortened third quarter of November 1 to December 31, 2020. The comparative figures encompass the corresponding periods last year, that is for the period May 1 to December 31, 2019 and the period November 1 to December 31, 2019.

Note 2 Income taxes

The Group had accumulated loss carryforwards from previous years and from the financial year amounting to TSEK 1,372,026 (1,274,852) and the Parent Company had such loss carryforwards of TSEK 1,350,273 (1,246,870). There are at present no sufficiently convincing indications as to when loss carryforwards will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet.

Note 3 Capitalized development costs

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

TSEK	Dec 31, 2020	Dec 31, 2019	Apr 30, 2020
Paclical	310,926	324,099	323,949
Paccal Vet	109,408	109,408	109,408
Total	420,334	433,507	433,357

During the 2018/2019 financial year, amortization was started for that part of the capitalized development costs for Paclical/Apealea® that was attributable to the Russian market and, in 2019/2020, amortization of the other portions of the capitalized development costs pertaining to Paclical/Apealea® was started. Amortization for the year amounted to TSEK 13,023 (1,839).

Note 4 Inventories

TSEK	Dec 31, 2020	Dec 31, 2019	Apr 30, 2020
Measured at cost			
Raw materials and supplies	7,414	5,160	6,427
Products in progress	10,811	5,256	7,890
Finished goods	33,271	5,417	14,520
Total	51,496	15,833	28,837

Goods have been expensed and written down as follows:

TSEK	2020 May–Dec	2019 May–Dec	2019/20 May–Apr
Expensed goods	134	–	–
Written down goods	–	–	5,404

Note 5 Transactions with related parties

The Parent Company has undertaken, on certain conditions, when necessary, to finance the US subsidiary AdvaVet with financial loans up to a total of TUSD 1,500. On December 31, 2020, the Parent Company's receivable from AdvaVet, including accrued interest, amounted to TUSD 1,523, which was recognized at TSEK 13,427. However, since management

believes that AdvaVet will not be able to repay this receivable, it has been written down in the Parent Company. The majority of this impairment was recognized in the previous financial year and only TSEK 544 was recognized as an impairment loss in profit/loss for this year. During the quarter, the Board decided to liquidate AdvaVet.
During the year, certain management functions have been carried out by external consultants and entailed consultancy fees of TSEK 2,444. Moreover, two Board members received consultancy fees for assignments over and above their Board assignments totaling TSEK 147.

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

Note 6 Contingent liabilities, pledged assets and contingent assets

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

During the 2016/17 financial year warrants were issued in programs for the Board and management. As these were invalid, however, the Extraordinary General Meeting on June 2, 2017 adopted a resolution whereby these programs were canceled. A possible consequence of the programs being invalid and canceled could be that the company's income statement is negatively impacted. However, it is difficult to estimate or determine the sum total of this eventuality. This disclosure is therefore made without specifying any impact on the income statement.

Balance with MGC Capital LTD. (MGC)
MGC presented a claim for compensation from Oasmia as a result of MGC not being allowed to subscribe for shares by means of 23.2 million warrants. The associated claim is set at approximately MSEK 230 and is based on the assumption that MSEK was entitled to the warrants and that MGC divested all of its shares in November 2018. MGC has applied for a subpoena partly for the claim of MSEK 80 and partly for damages that have been adjusted to approximately MSEK 230. Oasmia's Board of Directors considers that MGC's claim for damages has no merit and has therefore disputed it. After initial procedural objections were tried the claim was dismissed. The decision to dismiss the claim was appealed to the Svea Courts of Appeal but later withdrawn.

In July 2019, Oasmia acquired a claim on MGC Capital Ltd. from Arwidsro Investment AB as part of the settlement agreement between Arwidsro and Oasmia. The nominal value of the receivable on October 31, 2019 amounted to TSEK 60,251, but when the receivable was acquired for TSEK 40,251, it was entered as an asset in the balance sheet at this value. The intention is to use this receivable at its nominal value as part of settling Oasmia's debt to MGC of TSEK 80,000. When this offset is made, an income of TSEK 20,000 will be recognized.

Note 7 Risk factors

The Group is exposed to various types of risk through its operations. Through creating awareness of the risks inherent to operations, these risks can be limited, controlled and managed at the same time as business opportunities can be leveraged to increase earnings. The risks pertaining to Oasmia's operations are detailed in the Annual Report for the financial year from May 1, 2019 to April 30, 2020.

As announced on December 3, 2020, Oasmia's partner for Apealea, Elevar, has decided to conduct two new clinical studies prior to filing a registration application with the U.S. Food and Drug Administration (FDA). Accordingly, compared with the risk level reported in last year's annual report, management believes that regulatory risk has increased slightly.

Note 8 Employees and remuneration

The AGM on September 9, 2020 adopted an employee stock options program for other senior executives recruited in 2020 that encompassed not more than 400,000 four-year options subject to vesting conditions. The aim of the program was to create a long-term incentive for senior executives in line with the shareholders' interests. To date as of December 31, 2020, the program has resulted in the allocation to one senior executive of 75,000 issued options subject to terms of service during the vesting period that extend until September 30, 2023. The employee stock options can be exercised between October 1, 2023 and September 30, 2024 at a strike price of SEK 7.84 per share, which corresponds to approximately 150% of the share price when the employment was contracted. The options are issued free of charge and in addition to fixed base salary, short-term variable incentives and other customary employment benefits. The estimated fair value on allocation was SEK 0.55 per option. The fair value on the date of allocation (September 9, 2020) has been calculated using the Black-Scholes valuation model.

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

Uppsala, February 19, 2021

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

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

This information is information that Oasmia Pharmaceutical AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 08:00 CET on February 19, 2021.

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

This report has not been reviewed by the company's auditors.

OTHER INFORMATION

Annual General Meeting 2021
The Annual General Meeting will be held on 27 May 2021. Shareholders who wish to have a matter brought before the Annual General Meeting must submit a written request to the Board of Directors. The request must be received by the Board of Directors no later than 8 April 2021. Shareholders may submit their requests by e-mail to styrelse@oasmia.com or by ordinary mail to the following address:

Oasmia Pharmaceutical AB
Att: The Board of Directors
Vallongatan 1
SE 752 28 Uppsala
Sweden

Nomination Committee
The Nomination Committee for the AGM 2021 consists of representatives appointed by the two largest shareholders in terms of voting rights as well as the Chairman of the Board. These are: Per Arwidsson (Chairman of the Nomination Committee), appointed by Arwidsro Investment AB, Håkan Lagerberg, appointed by Mastan AB, and Anders Härfstrand, Chairman of the Board of Oasmia.

Company information

Oasmia Pharmaceutical AB (publ)
Corp. reg. no. 556332-6676
Domicile: Stockholm

Contact
Head office: Vallongatan 1, 752 28 Uppsala, Sweden
Phone: +46 18-50 54 40,
Website: www.oasmia.com
E-mail: info@oasmia.com

For more information
Francois Martelet, Chief Executive Officer
Phone: +46 18-50 54 40
E-mail: IR@oasmia.com

Financial calendar

Interim report Q1 (Jan-Mar 2021)	May 27, 2021
Annual General Meeting 2021	May 27, 2021
Interim report Q2 (Jan-Jun 2021)	August 19, 2021
Interim report Q3 (Jan-Sep 2021)	November 18, 2021
Year-end report (Jan-Dec 2021)	February 24, 2022

The Annual Report for the financial year May to December 2020 will be available at Oasmia's website www.oasmia.com during week 17, 2021