
oasmia
Annual Report
May – December 2020
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“In 2020, our work at Oasmia has focused on implementing the recommendations of the strategic review that was initiated after I assumed the role of CEO in March. We have continued to make consistent advances in achieving our vision – to create a leading specialty pharma company.”

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

Important events during 2020

Financial year 2019/2020 January - April

Financial year 2020 May - December

March
- Dr. François Martelet is appointed as the new CEO of Oasmia
- Oasmia and Elevar Therapeutics enter a global strategic partnership to commercialize Apealea® with an upfront payment of MUSD 20, milestone payments with a potential of up to MUSD 678 and royalties in the form of double-digit percentages

April
- Oasmia's Nomination Committee proposes changes to the Board in order to focus on Board members with experience in the pharmaceutical industry

May
- The outcome of a strategic review to deliver long-term, profitable growth as a specialty pharma company is presented, comprising recommendations to discontinue commercial manufacture and implement cost-saving programs
- An extraordinary general meeting resolves to elect Anders Härfstrand as the new Chairman of the Board and Birgit Stattin Norinder as a new member of the Board

June
- Oasmia signs a phase 1b study agreement with the Swiss Group for Clinical Cancer Research (SAKK) to evaluate Docetaxel micellar as a treatment for metastatic prostate cancer

July
- Elevar Therapeutics and Tanner Pharma Group launch a global Named Patient Program in July, to make Apealea available for patients in markets beyond the US

August
- Peter Selin is appointed Chief Business Officer

September
- Oasmia's Nomination Committee revises its proposal to the Annual General Meeting regarding the election of Board members and Sven Rohmann announces that he was no longer available for re-election
- Fredrik Järrsten is appointed as the new CFO
- Oasmia brings an action against the company's former Board as a direct result of findings from an investigation into the former Board's responsibilities by the auditing firm Deloitte

October
- Elevar Therapeutics signs an agreement with Taiba Middle East FZ LLC for the commercialization of Apealea in the Middle East and North Africa
- Oasmia is ordered by the Disciplinary Committee of Nasdaq Stockholm to pay a fine due to the company's former Board's violation of good stock market practices in various respects in connection with the company's Extraordinary General Meeting of March 2019
- Intellectual property rights are secured in India and trademark registrations for Apealea are approved in Switzerland, Israel, South Africa, Malaysia and Indonesia

November
- Robert Maiorana is appointed as acting CFO until Fredrik Järrsten starts at Oasmia

December
- Elevar Therapeutics announces an update of the development plan for Apealea (paclitaxel micellar) in the treatment of ovarian cancer
- Elevar Therapeutics signs a licensing agreement with Inceptua Group for the commercialization of Apealea in Europe in 2021
- Intellectual property rights are secured in Australia and Brazil

Important events after the end of the period
- Heidi B. Ramstad is appointed as Chief Medical Officer
- Oasmia acquires global development and commercialization rights for Cantrixil, a clinical stage, ovarian cancer program
- Oasmia and Karolinska Institutet initiates collaboration on the biological potential of Oasmia's proprietary drug delivery platform
- An arbitral tribunal in Stockholm uphold Oasmia's right to record the assignment of its patents and patent applications in its own name
- Phase 1b trial of Oasmia's Docetaxel Micellar in advanced prostate cancer is granted ethical committee approval
- Oasmia presents Cantrixil final Phase I data at the 2021 AACR Annual Meeting
- Dr Reinhard Koenig is appointed as Chief Scientific Officer
- Andrea Buscaglia is proposed as new Board member

The Covid-19 outbreak and its worldwide effects impacted Oasmia's operations during the financial year. The global pandemic and drastically reduced access to healthcare providers and oncologists has had a consequential and clear impact on the company's marketing activities and the launch of Apealea in the Nordic countries.

Content

Oasmia – an innovation-focused specialty pharmaceutical company

XR-17™ technology platform
Enhances intravenous delivery of established and novel drugs

Growing pipeline, focused on **oncology** and with potential in other therapeutic areas

Global partnering deal for Apealea in ovarian cancer worth up to **$698m** and future double digit royalties

Significant **in-/out-licensing & M&A opportunities** to drive growth

Lean and agile
Solid cash position
Listed on **Nasdaq Stockholm** since 2010

Clear new strategy driven by new leadership team

Purpose

At Oasmia, we are dedicated to meet medical needs by developing novel drugs and improving the way intravenous drugs are delivered. Using our unique proprietary technologies, Oasmia enhances the delivery of established and novel therapies with the goal to improve the overall delivery profile in significant diseases, including cancer.

Enhancing life through science

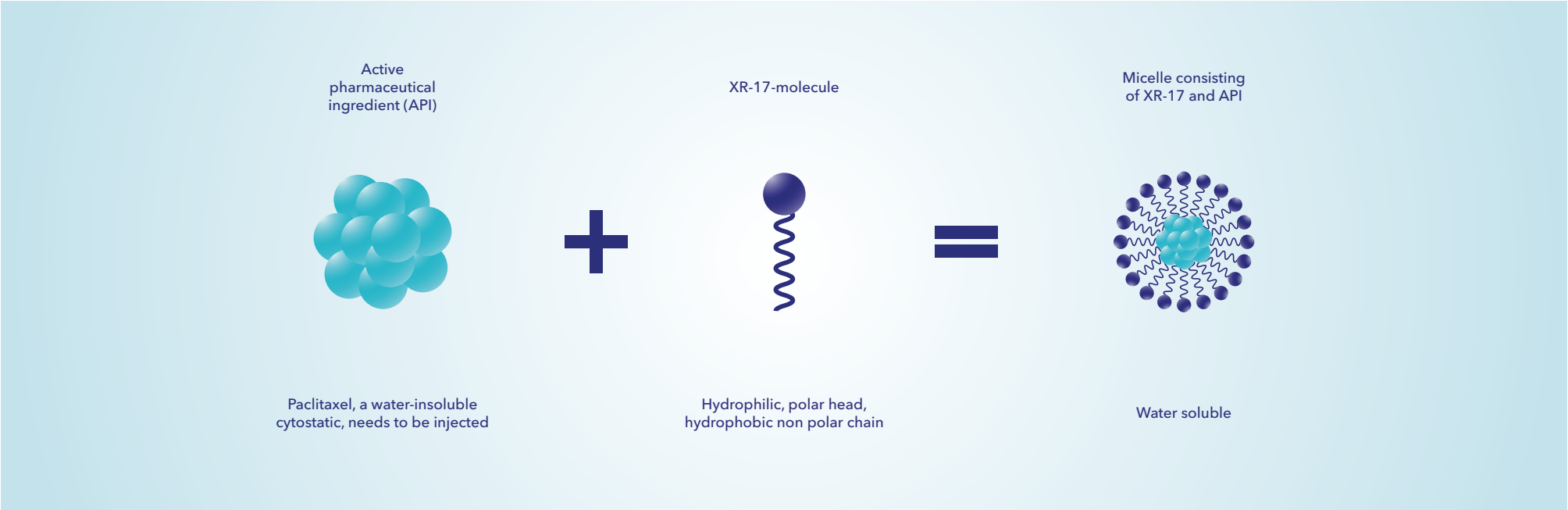
Mission

Oasmia stands for science at the service of patients. We seek to improve how medicines function. We are committed to develop novel drugs and finding better ways to deliver advanced drugs to those who need them most.

Vision

We want a world where everyone can benefit from the most effective treatments. Our goal is to establish Oasmia as a leading specialty pharmaceutical company which combines innovation, medicine and science for the benefit of patients.

XR-17 – Technology platform that can increase aqueous solubility



Approximately **40 percent** of all approved drugs have problems with aqueous solubility. An estimated **70–90 percent** of drugs under development have problems with aqueous solubility. This could pose a significant obstacle to drug development and cause promising drugs to fail during the development process and limit the applications of approved drugs. To compensate for poor aqueous solubility, additional drugs or the introduction of solubility enhancers may be required, potentially giving rise to serious side effects. Oasmia's proprietary technology platform, **XR-17**, increases solubility in substances that are administered intravenously and allows for Oasmia to develop innovative API formulations.

Source: Loftsson, T, Brewster, ME, J Pharm Pharmacol. 2010 Nov;62(11):1607-21.

▶ Animated video

CEO's comments – A solid foundation for growth

It has just been a year since I joined Oasmia as CEO and initiated my plan to transform our company. After undertaking an in-depth strategic review validated by our Board, 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 our technology platforms
3. Clinical development of Docetaxel micellar
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 significant 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 developed focused biotechnology company. In addition, we are set to move Oasmia's headquarters to a new, more cost-efficient building in Stockholm, while we will keep our R&D laboratory facility in Uppsala. We are now realizing annualized cost savings of more than SEK 100 million and have reduced the cash burn rate to around SEK 12 million per month. These cost savings will enable us to invest in areas which can deliver the greatest return, including pipeline development that 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 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 progress, 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.

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

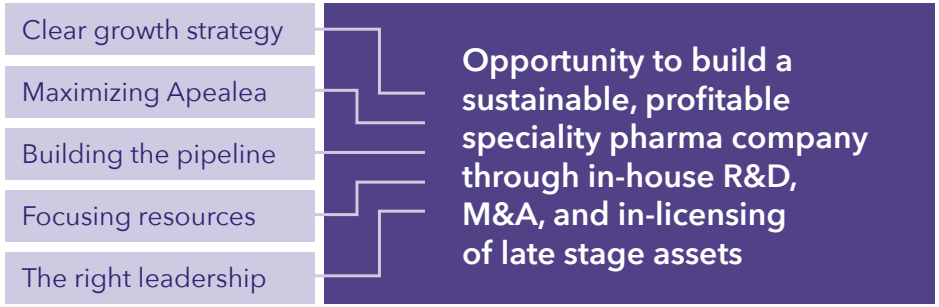
In December, following a series of interactions with the US Food and Drug Administration (FDA), we shared an update from Elevar providing clarity on the US commercialization pathway for Apealea. This includes two additional studies which will be initiated in 2021, before filing a new drug application (NDA), by Elevar. These two new studies of Apealea will 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 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.

A key part of our growth strategy is to advance and build our pipeline. Post-period, in March, we announced that we had acquired the global development and commercialization rights for Cantrixil, a clinical stage, ovarian cancer program from Kazia Therapeutics. The agreement is the first in a planned series of "string of pearls" acquisitions & in-licensing deals to build critical mass in our oncology pipeline. Cantrixil is a potent and selective third generation benzopyran SMETI inhibitor, encapsulated in a cyclodextrin. In late 2020, Kazia released the top-line results of a Phase I open-label study conducted at sites in the USA and Australia. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. In addition to its promise as stand-alone therapy, Cantrixil has the potential to complement Oasmia's lead product for ovarian cancer, Apealea, through treatment protocols to be developed. It may also offer synergies with Oasmia's XR-17 technology platform, which could enhance solubility in various routes of administration. A Phase II study with Cantrixil is expected to be initiated in 2022.

Also in March 2021, we entered into a collaboration with Sweden's most renowned medical research facility, the Karolinska Institutet, to help delve deeper into the biological properties of XR-17 and its interactions with oncology drugs to help generate new ideas and formulations. We 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 the joint encapsulation of two active pharmaceutical ingredients in one micelle.

2020 – a year of delivering on our objectives



Docetaxel micellar is being prepared to progress into a investigator initiated 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, potentially offering similar benefits to advanced prostate cancer patients in terms of side effect profile while removing the need to take additional drugs.

Securing Oasmia's long-term success depends on building a senior team and network of trusted advisors with the expertise and capabilities to deliver on our strategic growth plans. I am pleased to report that over the last year we appointed several experienced individuals with significant pharma and biotech background. 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 several 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 the rest of 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, high-growth pharmaceutical business.

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

▶ Read more at CEO-corner at oasmia.se

Strategy - Toward a leading specialty pharma company

Oasmia is a research and development biotechnology company currently focus on oncology. The company uses its proprietary technology platforms to improve the intravenous delivery of established and novel drugs in a range of diseases, tackling the issue of poor solubility that prevents many drugs from reaching patients. Oasmia is aiming to become a leading European specialty pharma company with sustainable and profitable growth. This transformation will primarily be through in-house R&D, M&A, and in-licensing of clinical assets. Oasmia acquired the global rights for Cantrixil, a clinical stage cancer program, as its first step in the "string of pearls" strategy set to bolster the company's oncology portfolio in order to reach a critical mass as an oncology biotech company.

Transforming Oasmia

In May 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 the company's technology platforms and to optimize Oasmia's path toward long-term, profitable growth. As a result of the in-depth review, Oasmia's management identified a number of areas of strategic focus, which will allow the company to achieve long-term growth and shareholder value, including:

- Exploration of additional opportunities to apply the company's proprietary XR-17 solubility-enhancing technology platform in oncology and other therapeutic areas, including out-licensing of non-core medical applications of the technology.
- Continue to develop Oasmia's existing pipeline of XR-17-based products, including Docetaxel micellar (docetaxel) in prostate cancer, and assess its combination cancer therapy platform XR-19.
- Expansion of Oasmia's pipeline through potential acquisitions or in-licensing deals with a focus on mid-to-late-stage specialty pharma assets that will move the company toward positive cash flow.

As a consequence of the strategic review, Oasmia during 2020 undertook a comprehensive efficiency program designed to maximize resources and enable it to invest in areas which can deliver the greatest return, including pipeline development. Key aspects of the cost control program include annualized cost savings of more than MSEK 100, a reduction in the cash burn rate of approximately 50 percent to MSEK 10–12 a month and the transformation of Oasmia to a lean and agile research and development focused biotechnology company with fewer than 30 employees, about half of which are focused on R&D

Defined 4-pillar strategy for growth

The new Oasmia has the ambition, expertise and resources to become one of the leaders in specialty pharmaceuticals in Europe. The company and management are determined to execute on this shift in strategy and deliver growth and shareholder value. Success will be based on maximizing the value of Oasmia's current portfolio as well as the ability to look for and potentially acquire compounds and/or products, or companies, that will fit and strengthen the company's pipeline.

To transform Oasmia into a sustainable, thriving specialty pharma company, Oasmia has implemented a 4-pillar growth strategy, including executing on the global partnership with Elevar Therapeutics regarding Apealea, enhancing and partnering of Oasmia's proprietary technology platforms, clinical development of Docetaxel micellar as well as M&A activities and licensing deals in oncology.

Expanding the portfolio

A key part of Oasmia's growth strategy is to broaden the pipeline. Following Apealea, the company intends to drive clinical development of other drug candidates. Oasmia is continuously looking for in-licensing opportunities, primarily oncology products in preclinical phase up to late phase clinical development. As a first step in a planned series of "string of pearls" acquisitions and in-licensing deals, aiming to build critical mass in Oasmia's oncology pipeline, the company in March 2021 acquired the global development and commercialization rights for Cantrixil, a clinical stage ovarian cancer program, from Kazia Therapeutics.

Oasmia's formulation of Docetaxel micellar is set to progress into an investigator initiated Phase Ib clinical study for advanced prostate cancer in collaboration with the Swiss Group for Clinical Cancer Research (SAKK).

In addition to bringing new drugs through the company's pipeline, Oasmia is investigating possible further improvement and expanded use of its proprietary technology platforms.

During 2020, a specialist consultancy firm was hired to identify appropriate partners for XR-17, including partnerships to improve solubility of products in therapeutic areas other than cancer and out-licensing of non-core applications.

R&D was initiated on XR-18, a potential next generation technology which may have even greater versatility and potential than XR-17. Oasmia has initiated the process of establishing proof of-concept for its dual encapsulation XR-19 technology, which aims to enable combination therapies to be delivered in a single intravenous administration. Internal feasibility studies are underway to identify possible indications and combinations.

A boutique investment firm is also driving the process to divest or out-license Oasmia's Animal Health assets.

Added expertise on Board and management level

The company recognizes the importance of having the right personnel in place to optimize delivery of its strategic aims.

Since the beginning of 2020 Oasmia has worked to add expertise to the Board of Directors and the management team through the appointment of highly experienced individuals with significant pharma and biotech experience, including two new board members and a new Chief Financial Officer (CFO), Chief Business Officer (CBO) and Chief Medical Officer (CMO), key personnel who will play a critical role in Oasmia's transformation.

Oasmia 4-pillar strategy for growth

1 Execute on Apealea global partnership with Elevar

- US regulatory pathway identified by Elevar
- Commercialization deals signed for Europe, MENA
- Global Named Patient program launched
- Planned commercial partnerships in Asia & LatAm

2 Enhancement & partnering of technology platsforms

- Additional platforms in development incl. XR-18 and XR-19 for combination therapy
- Increased focus on partnering to leverage proven R&D and regulatory skills

3 Clinical development of Docetaxel micellar

- Ready to enter Phase 1b
- Development agreement with SAKK
- Large global market opportunity

4 In- & out-licensing, partnering & M&A in oncolgy

- Extensive discussions ongoing to acquire promising oncology assets
- Partner or out-license XR-17 technology platform and Animal Health assets

Oasmia has implemented a 4-pillar strategy for growth and made significant progress against each of the objectives over the financial year May to December 2020. The acquisition of the global development and commercialization rights for Cantrixil is a prime example of Oasmia's progress and delivers on both pillar one and pillar four of the company's bold plan.

Potential value drivers

Oasmia has identified multiple potential near and mid-term catalyst and business drivers 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 study
- Partnering of XR-17 and Animal Health assets
- M&A and in-licensing opportunities to build critical mass in oncology

Technology platforms

Oasmia's products and product candidates are based on the company's proprietary and patented technology platform, XR-17. Novel, innovative formulations can be created by combining XR-17 with a pharmaceutical ingredient. Oasmia is also developing XR-18 and XR-19 – next-generation technology platforms.

The problem of poor aqueous solubility

Many active pharmaceutical ingredients (APIs) for intravenous use are insoluble or have poor aqueous solubility. According to some estimates, 70–90 percent of all drugs under development are classified as being of poor solubility. The same is true for about 40 percent of all approved drugs. In many cases, the development of promising substances may be discontinued due to inadequate aqueous solubility. Alternatively, various excipients may be used, such as polymers or lipid derivatives. These excipients could cause undesired effects. Side effects caused by excipients have been accepted in cancer treatments, since the drugs are efficacious, and the alternative would otherwise be for the patient to forgo treatment. In comparison, Oasmia's proprietary and patented XR-17 technology platform is unique, in that it can improve the solubility of otherwise insoluble compounds.

XR-17 improves solubility

XR-17 is based on a blend of two isomers of a proprietary synthetic amphiphile derivative of vitamin-A acids (XMeNa and 13XMeNa), which can solubilize largely water-insoluble compounds, such as paclitaxel. XR-17 demonstrates amphiphile properties since its molecules contain both hydrophilic and hydrophobic (lipophilic) structural regions. As a result, XR-17 molecules can spontaneously form nano-sized structures, known as micelles, within aqueous environments. During the process, hydrophobic substances are dissolved in the hydrophobic core of the XR-17 micelles.

The particles formed by the combination of XR-17 with a pharmaceutical ingredient (API) are extremely small, usually between 20 and 60 nanometers in size (a human hair is about 70,000 nanometers in diameter). The particle has a hydrophilic surface and a lipo-soluble interior, which encapsulates molecules with poor aqueous solubility inside the micelle core. The combined micelle-compound particles then take on hydrophilic properties, and are thereby soluble when administered in the bloodstream.

By utilizing a smaller volume of excipients in relation to the API volume, XR-17 advantageously allows for the reformulation of hitherto existing and approved drugs as well as be a apart of novel drugs under development.

Potential advantages of XR-17

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

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

XR-17 Intellectual Property

Oasmia's technology platform is covered by patents and know-how and the company pursues the expansion of Intellectual Property on an ongoing basis in many jurisdictions throughout the world.

Applicable to various drug classes

Oasmia is currently active in the development of cancer therapies based on the XR-17 technology, including the product Apealea (paclitaxel micellar), which is approved for use in the treatment of advanced ovarian cancer in certain countries. However, the applications of XR-17 and the company's other platforms are not limited to cancer treatments and Oasmia is considering the use of its technologies for other drug classes that could benefit from improved solubility.

XR-19 Ongoing Research

Combination therapies are the norm for several types of cancers, such as ovarian cancer, breast cancer prior to metastasis, prostate cancer and lung cancer. The XR-19 technology formulation candidate enables the encapsulation of two suitable pharmaceutical ingredients or other molecules within the same solution. Oasmia believes that XR-19 could enable single-dose intravenous administration of certain therapies, rather than two separate infusions, which may be advantageous for patients and the healthcare system. Studies of the concept have shown promising results. Oasmia is evaluating the potential of various API combinations that could be candidates for future development.

XR-18

In its endeavor to improve drug therapies for patients with serious illnesses, the company pursues continuous research to advance the established XR-17 platform. The company regards XR-18 as an enhanced platform for satisfying the pharmaceutical industry's need to make poorly soluble substances available to patients. XR-18 is currently in an early phase of development.

Project	Objective	Discovery	Proof of Concept	Development	Validation
XR-17	Solubilization platform *Out licensing and development*	→	→	→	→
XR-18	Next generation of XR-17 *Out licensing and development*	→			
XR-19	Solubilization platform – dual encapsulation *Out licensing and development*	→	→		

5 Q&A

Dr. Reinhard Koenig, MD,
Chief Scientific Officer

oasmia

1 XR-17 is Oasmia's current platform technology used in Apealea and the product candidate Docetaxel micellar, why are XR-18 and XR-19 being developed and why are they important to Oasmia's longterm development goals?

XR-18 is our intended extension of the XR-17 platform, evaluating additional molecular design options for enhancing some of the properties of the platform for future use.

XR-19 is the designator for our innovative program that aims to combine two active pharmaceutical ingredients in one micelle, so called joint encapsulation, which could enable combination therapies.

Longer term, we are striving to enhance the value of our pipeline product candidates by adding a clinically beneficial feature to our compounds that will position them favourably in the marketplace.

2 What are the market needs for the XR-18 and XR-19 technologies?

We expect an innovative platform like our XR platform to attract new ideas and possibilities. For XR-18 we are targeting specific advances that we believe will translate into enhancements for users, and for XR-19 we believe we will be able to create novel opportunities for intra-venous co-administration of therapeutic molecules.

3 How are these technologies progressing internally and what are the next steps?

Both XR-18 and XR-19 are research-intensive projects under development. For XR-18, the next step is to be able to move into selecting candidates for XR-18, and for XR-19 we are planning to expand our proof-of-concept testing and then consider possible development options.

4 Does Oasmia now have the internal muscle to push programs forward?

Good question. In today's complex life science product development, we rely on internal and external knowledge and innovation, integrating resources, internally and externally. We are striving to use an innovative research approach in which we drive our research projects with internal know-how and resources, but then evaluate other aspects with the help of our scientific partners. Our recently announced collaboration with Karolinska Institute is an example of our integrated research strategy, bringing internal and external efforts together at a higher level. In the end, we believe that only good science will lead to good products and good business.

5 How could the newly acquired drug candidate Cantrixil potentially fit/synergize with Oasmia's proprietary technology platforms?

We are looking forward to start evaluating synergies of XR-17 with other proprietary molecules, such as Cantrixil, and explore ways to increase benefits to users and patients. We will determine next steps and possible development goals as we generate data. Stay tuned!

The route to market approval and commercialization

The development of a drug towards market approval and commercialization generally takes a long time and is usually divided into different phases. Pre-clinical and clinical trials are conducted according to a study protocol set in advance, where the results from clinical trials constitute an important part of the documentation required to get a medicine approved for sale.

Pre-clinical phase
During the pre-clinical phase the substance is investigated experimentally, first in tissue and cell cultures, to see if the substance has the potential to inhibit growth of cancer cells. Toxicological studies are performed on animals to detect any harmful effects of the new substance before it is given to people. Pharmacokinetic studies are carried out to investigate what happens with the substance in the patient's body in terms of absorption, distribution, metabolism and excretion. Furthermore the optimal form of preparation is studied. A patent application is normally made as early as possible in order to protect the drug candidate.

Clinical phase I
During phase I the drug is tested on humans for the first time, which requires approval from the relevant regulatory authority on the basis of documentation from the pre-clinical studies and the prospective study design. The experimental group usually consists of healthy individuals but cytostatics, for example, may not be given to healthy individuals. The study comprises safety, tolerance, pharmacokinetics and pharmacodynamics (for example the drug's effect on blood pressure).

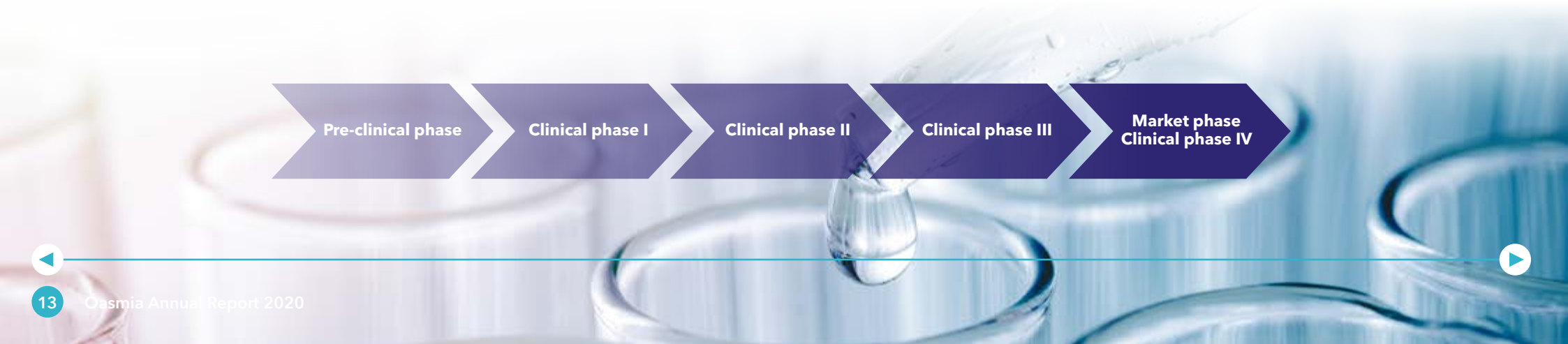
Clinical phase II
When the safety of the substance has been confirmed by phase I studies, phase II studies are performed on patients with the disease that is intended to be treated when the product is on the market. The phase II study is designed to demonstrate the drug's effect on a particular disease and confirm the dosages that were investigated in phase I as well as to further confirm safety and tolerance in the intended group of patients.

Clinical phase III
In the phase III study, the drug is compared with other drugs for treatment of the same disease. The aim is often to demonstrate a similar or better effect but the phase III study also includes gathering further information regarding safety, tolerance, etc. After the phase III studies, documentation from the clinical studies is compiled in a market registration application to relevant regulatory authorities so as to obtain market approval in the countries in question.

Market phase
When the drug has been approved and registered, it can be introduced on the market and begin to be used commercially.

Clinical phase IV
Phase IV studies may be performed after the drug has been introduced on the market so as to increase detailed knowledge of the product's efficacy and safety profile. Attempts are made, for example, to ensure that no new, rare adverse effects are discovered. Phase IV studies may also be required by an authority.

The route to approval for veterinary drugs
The process of obtaining market approval for veterinary drugs is similar as for human drugs.



Products & Project portfolio

Oasmia is developing new formulations of drugs, primarily within oncology. The product development leverages the company's proprietary technology platforms to manufacture novel drug formulations which, in comparison with current alternatives, are intended to show improved properties, which aim to a reduced side-effect profile and expanded therapeutic use.

Apealea

Apealea is a patented solvent-free formulation: it applies paclitaxel – a cornerstone within chemotherapy for many different forms of cancer – through Oasmia's XR-17 technology platform. Apealea, in combination with carboplatin, has been granted market approval in the EU and several other territories as a treatment for adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, or primary peritoneal cancer or fallopian tube cancer.

Apealea has also received orphan drug designation from the FDA for the treatment of epithelial ovarian cancer, which could entail several potential benefits, including seven years of market exclusivity.

Oasmia is working to make Apealea available to patients through its partnership with Elevar Therapeutics and the company's own commercial efforts in the Nordic countries.

Cantrixil

Cantrixil is a product candidate in clinical stage being developed for the treatment of ovarian cancer. Cantrixil consists of the active molecule, a potent and selective third generation benzopyran SMETI inhibitor named TRXE-002-01, encapsulated in a cyclodextrin. It is believed to target a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse. In December 2020, top-line results of a Phase I open-label study (NCT02903771), conducted at sites in the USA and Australia, was released. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. A Phase II study with Cantrixil is expected to be initiated in 2022.

Oasmia acquired the global development and commercialization rights for Cantrixil from Kazia Therapeutics in March 2021.

Docetaxel micellar

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

In June 2020, Oasmia partnered with the Swiss Group for Clinical Cancer Research (SAKK) with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Oasmia's Docetaxel micellar formulation as an investigator initiated trial.

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ approval	Commercial Launch	Geography
Apealea/ Paclical (paclitaxel)	Ovarian cancer							EU/EEA
	Ovarian cancer							USA
Cantrixil	Ovarian cancer							Global
Docetaxel micellar	Prostate cancer							EU/EEA

5 Q&A

Prof. Dr. med. Markus Joerger
Swiss Group for Clinical Cancer Research

1 Oasmia partnered with SAKK in June 2020 for the phase 1b trial for the evaluation of Docetaxel micellar. What led SAKK to take notice of Docetaxel micellar and lead your organization to approach Oasmia?

What is particularly appealing for me regarding Docetaxel micellar is that it comes steroid free, free of corticosteroid premedication. That's not only very innovative, but it is also very favorable for patients if you can avoid steroid co-medication. That's the reason SAKK approached Oasmia for its very innovative product.

2 Given SAKK's depth of experience, how import is improving the solubility of a drug such as using Docetaxel micellar when combating global diseases such as prostate cancer?

Docetaxel is often used in oncology, particularly in prostate cancer. Because it is used frequently in older male patients, the common use of steroids is a big negative given its negative effects on muscles and bones. So Oasmia's Docetaxel micellar, which doesn't use such steroids, has a potential big advantage when replacing the classical taxane, which is Taxotere.

3 Improving the solubility may be a promising alternative to solvent-based docetaxel formulations since it may avoid mandatory use of steroid premedication. What are the common negative consequences of using steroids first?

Traditionally, one has to accept side effects and toxicity from treatments because you are treating a severe disease. The effects are a bit overlooked, those such as peripheral edema, accelerate bone loss that can lead to fractures, and sarcopenia, an immobility from muscle loss. These are all common collateral effects from taxanes, which all come with steroids, in today's treatments. By using Docetaxel micellar you get rid of the solvent and you can also avoid potential hypersensitivity reactions such as flushing or even severe hypertension in serious situations.

4 Can you describe patient demand for such a treatment?

I'm convinced that if we successfully show that the concept the concept works – and all data is pointing in this direction because there is already data with both micellar Paclitaxel and micellar docetaxel, that SAKK is now using in prostate cancer – I think it becomes obvious that patients can have a benefit to their quality of life. We are aiming to improve the quality of life for these patients so, yeah, I definitely think there will be a need and a market for this product.

5 SAKK is set to conduct the first clinical trial of Docetaxel micellar. Can you share some details on how the trial will be constructed?

SAKK is doing a relatively small patient study with up to a maximum of 18 patients who have the indication for doxetaxel. We will first do a dose finding. Of course, from the standard docetaxel Taxotere we know what dose we expect to reach, but because of the better tolerability of the drug, it may allow us to go with an even higher dose, which may benefit patients by reaching a higher anti-tumor activity. It's a simple trial with the main endpoint of safety, tolerability and early clinical activity. We expect to start in the spring of 2021 and it could take up to two years to complete.

SAKK is extremely excited. We have great collaboration with Oasmia. It is nice to have an academic group and an industry partner work so closely together to reach an optimum product. This will be a helpful step for oncology and could mean substantial progress and benefits for many patients.

Global commercialization of Apealea

In March 2020, Oasmia established a strategic partnership with Elevar Therapeutics, Inc. in the US to commercialize Apealea. The agreement stipulates that Elevar global has exclusive rights to commercialize Apealea except in the Nordic countries, Baltic states and Russia. In the Nordic countries, Apealea is being launched through Oasmia's commercial organization.

Strategic global partnership with Elevar

In March 2020, Oasmia Pharmaceutical AB signed a strategic global partnership agreement with US company Elevar Therapeutics, Inc. to commercialize Oasmia's cancer drug, Apealea. The partnership includes milestone payments with a potential of up to MUSD 678 related to Elevar's milestone achievements for sales, clinical development and regulatory approval. Elevar will pay Oasmia a double-digit percentage in royalties on sales of Apealea. In addition, Oasmia received MUSD 20 in an upfront payment and retains control of the research and development of XR-17.

Elevar has exclusive rights to commercialize Apealea throughout the world, except in the Nordic countries, Baltic states and Russia, where Oasmia will continue to pursue the commercialization of the product. Elevar is also responsible for all regulatory application processes within its geographical area, including applications for approval by the US FDA. The partnership entitles Elevar to sublicense Apealea to other strategic partners.

Elevar is investigating the possibility of using Apealea for other indications, in addition to ovarian cancer. Apealea has received orphan drug designation from the US FDA for the treatment of ovarian cancer, which could entail several benefits, including seven years of market exclusivity.

Oasmia and Elevar are working together continuously on issues pertaining to further product development through a Joint Development Committee composed of product development managers from both companies. In addition, both companies have also established a Joint Steering Committee, comprising senior executives from both companies. The Steering Committee has an ultimate supervisory role in the transfer of responsibilities from Oasmia to Elevar for the commercialization and advanced product development of Apealea, and submits opinions pertaining to all aspects of the transfer.

Development plans in the field of ovarian cancer treatments

In December 2020, Oasmia announced an update from Elevar about development plans for Apealea within its indication for ovarian cancer. Elevar has had several interactions with the US Food and Drug Administration (FDA) and received guidance on the continued development program for Apealea. Based on these interactions, Elevar has decided to conduct two new studies with Apealea prior to filing a new drug application (NDA). Both studies are planned to start in 2021.

In the first study, Elvar plans to conduct a pharmacokinetics study that is expected to take about 12 months to complete. The second study planned is a pivotal superiority study to investigate the safety and efficacy of Apealea in epithelial ovarian cancer. Elevar is working closely with the US GOG Foundation (GOG-F) through its GOG Partners program, to plan and conduct this global study, which is expected to take about 24 to 36 months to complete.

HLB elevar therapeutics

Global strategic partnership with with US-based Elevar Therapeutics, subsidiary of South Korea's HLB

INCEPTUA

Inceptua Group is responsible for commercialization of Apealea in Europe

%

Double digit royalties on global Apealea sales

$678M

Milestones based on regulatory and sales achievements

✓

Oasmia retains sole control over development of XR-17 in other APIs

Licensing agreement with Inceptua Group for the commercialization of Apealea in Europe.

In late December 2020, Elevar signed a licensing agreement with Inceptua Group for the commercialization of Apealea in Europe. Since 2018, Apealea, in combination with carboplatin, has been approved by European authorities for the treatment of adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. In accordance with contractual terms and conditions, Inceptua will have exclusive rights to distribute and commercialize Apealea in Europe, excluding the Nordic countries (Denmark, Finland, Norway, Sweden, Iceland) and CIS countries, including Russia and the Baltic states.

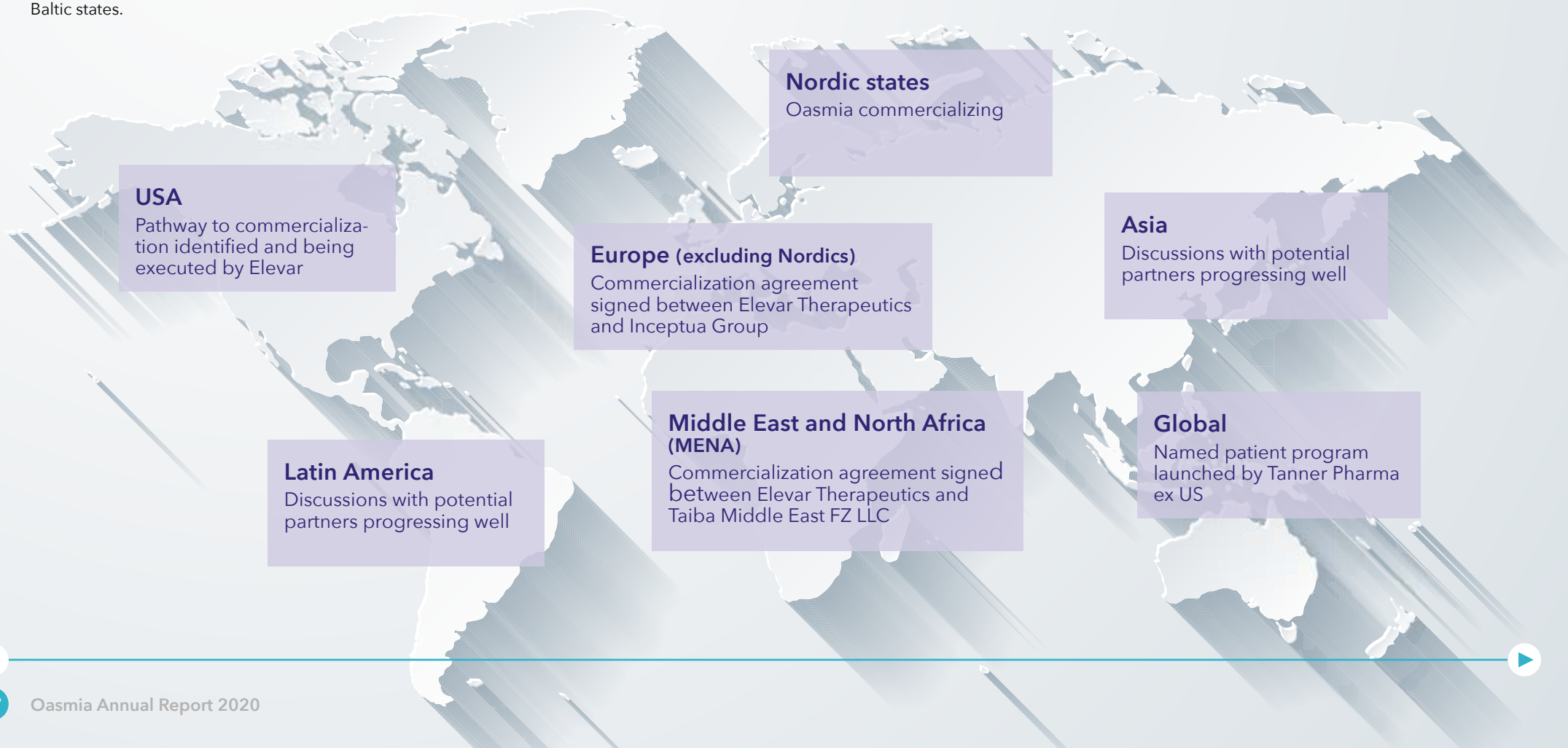
Other regions

In July 2020, Elevar and Tanner Pharma Group began a partnership on a named patient program, which allows for Apealea to be made available to markets outside the US, where Apealea has not been previously commercially available. A named patient program, also known as an early or expanded access program, is a program that enables physicians to legally prescribe approved and investigational drugs before they become commercially available.

In September 2020, Elevar signed an exclusive partnership agreement with Taiba Middle East FZ LLC, through which Taiba will commercialize and distribute Apealea in certain countries in the Middle East and North Africa (the MENA region).

Launch in Nordic countries

Oasmia has been working since 2020 to make Apealea available to patients in the Nordic countries through the company's commercial operations there. The Covid-19 pandemic has meant that Apealea could not be launched under normal circumstances and has entailed difficulties in meeting relevant healthcare workers in order to implement changes to the current treatment program.



5 Q&A

DG Kim, President HLB Group

1 HLB is a Korea-based listed company growing into a global anti-cancer company, can you tell us more about HLB and your plans within the pharma sector?

HLB's strategy in the bio-pharma sector grew out of its investment in Elevar, our first main investment in that space. Chairman Jin has led this strategy with a mission of not only developing a valuable pipeline for shareholders, but also with the sincere desire to help patients with hard-to-treat diseases.

Elevar, which is developing Apealea and Rivoceranib, plays a key role in our portfolio of anti-cancer medications. Last year, HLB broadened its portfolio with the acquisition of a majority stake in Immunomic Therapeutics, a biotech company with pioneering techno logies in nucleic acid immunotherapy. While we are very committed to the anti-cancer space, other divisions within HLB are involved in areas such as cell therapy, medical device, and primary research in Alzheimer treatments. HLB has a broad range of businesses in the biopharma space which are focused on the mission to provide benefits to people, patients, and ultimately our shareholders.

2 HLB made a significant investment entering the agreement with Oasmia via its subsidiary Elevar Therapeutics back in March 2020, what made you interested in licensing Apealea?

While developing Rivoceranib, Elevar has brought in a lot of talent and gained significant expertise in late-stage development of cancer drugs. Elevar felt the time was ripe to leverage such infrastructure to expand its pipeline. Rivoceranib and Apealea are similar opportunities in a way – they are both already approved by a regulatory body, they are both well-known for their efficacy and tolerability, and they are both late-stage opportunities for the US market. Our chairman has wanted to expand our involvement in the cancer treatment space, and thus HLB is always on the lookout for new opportunities. Apealea, which was a license transaction, provided an opportunity that was very complimentary to our strategy and strengths.

3 HLB says it aims to market more than five anti-cancer treatments by 2025, including one drug possibly being used for multiple indications. How important is Apealea to this bold goal?

We are currently doing late-stage development of Rivoceranib in several indications. Immunomic Therapeutics has a couple as well, and then there is Apealea, which became one of our core pipeline drugs. We are committed to smartly investing in global development and commercialization of all of these assets.

Developing Apealea in other indications is certainly a possibility. It is the only approved non-cremophor paclitaxel in a major territory for ovarian cancer. Therefore, our primary focus is to expand approvals outside of Europe and make Apealea available to ovarian cancer patients worldwide. We know paclitaxel, which is a core component of Apealea, has a lot of applications in other indications. We are exploring that, but we have to prioritize investments. Certainly, it would be great to do more than one indication for Apealea.

4 HLB's Elevar is preparing for Apealea in the US and has a licensing agreement with Inceptua for Europe and Taiba for the Middle East. Are you pleased to see Apealea progressing in important markets?

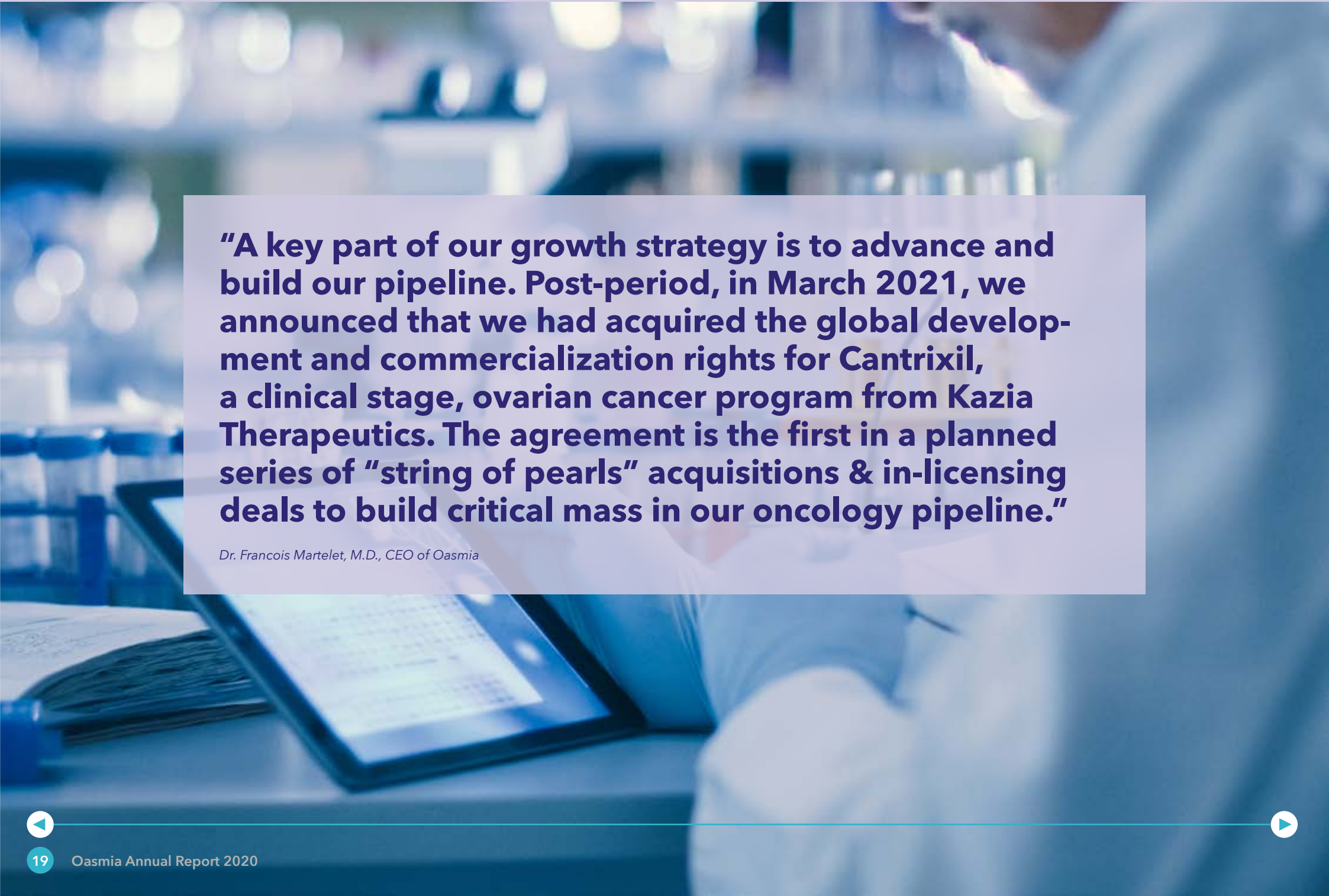
We are very encouraged to have done a deal with Inceptua, who we think will be a very good partner for us in Europe. And Taiba had the rights to Abraxane in the Middle East at one point, so they're very familiar with this type of medication. They will be a good partner for us in that region. Having them there on the ground and making progress, we are very encouraged by that development.

For the US, our strategy now is to get approval with the FDA through a process that demonstrates superiority of Apealea in certain subsets of ovarian cancer treatment. We're still refining that strategy, but we are hopeful this will lead to an outcome that allows Apealea to help ovarian cancer patients in the US. While the necessity to do additional clinical work is challenging and requires significant investment, we are doing our best to carefully evaluate and make the best opportunity of the situation.

We believe Apealea is a product that has a chance to help a lot of patients, something we are eager to achieve.

5 HLB has, via its subsidiaries, a strong presence in Korea and several other Asian markets. Do these markets differ from Europe and the US, especially when it comes to cancer treatment?

There are significant differences in markets; patients and payers differ for every country. Asia is more like Europe where you have nationalized health programs, regulated drug prices and pressures on margins. Unlike Europe, Asia isn't a unified market, so every country has its own system of regulation and cultural aspects affecting treatments. So, with Asia, you have to attack very specifically and directly, especially since pricing is also a big challenge. HLB has excellent resources and staff with experience and expertise in each of the major countries in Asia. The US market is Elevar's original focus for Apealea. Since we need to do additional clinical work for the US FDA, our aspiration is to design the studies to attain a premium product label compared to what has already been approved. The European market does have its own challenges, as well, which is why we were happy to partner with Inceptua.



"A key part of our growth strategy is to advance and build our pipeline. Post-period, in March 2021, we announced that we had acquired the global development and commercialization rights for Cantrixil, a clinical stage, ovarian cancer program from Kazia Therapeutics. The agreement is the first in a planned series of "string of pearls" acquisitions & in-licensing deals to build critical mass in our oncology pipeline."

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

Oncology market

Cancer is among the most frequent causes of death in the western world and the number of cases is rising in step with increasing life expectancies. Increased occurrences of cancer are the primary factor driving global growth in cancer treatments. Oasmia develops and sells drugs primarily within oncology and intends to expand the portfolio with additional development projects at the clinical-study phase within oncology. Oasmia's portfolio currently comprises two cancer treatment products based on the company's proprietary XR-17 technology platform, Apealea (paclitaxel micellar) and the develoment candidate Docetaxel micellar.

With nearly 10 million fatalities in 2020 and more than 19 million new cases annually, cancer is among the most frequent causes of death globally. By 2040, the number of new cancer cases is expected to increase to more than 30 million annually, and cancer-related fatalities to more than 16 million annually despite ever-improving drug efficacy[1].

The increase is due to factors such as longer life expectancy. An ageing population results in rising numbers of cancer cases, since ageing benefits two central processes in the development of cancer: acquisition of mutations and the formation of a molecular and cellular environment that is conducive to the growth of various cancer cells. According to the American Cancer Society, Inc., nearly nine out of ten cases of cancer are diagnosed among persons over 50 years-old. Increasing tobacco and alcohol consumption are also a contributing factor to the rising number of cancer cases, and the consumption of both together further worsens their effect. The growing number of cancer cases is expected to significantly drive the demand for cancer treatments in the next five years.

Market for cancer treatments

The global market for cancer treatments is estimated at more than USD 200,000 billion. Increased occurrence of cancer is the primary factor that is driving global growth in cancer treatments during the forecast period. Cancer is a disease where cells grow abnormally and form tumors, and the cells could potentially metastasize throughout the body through the blood and lymphatic systems, which damages parts of the body and in the worst case, results in death. The demand for cancer treatments is growing sharply across the world due to increasing occurrences of various forms of cancer. Furthermore, the continuous investments in research and the development of novel drugs are also expected to strengthen the market for oncological drugs, during and after the forecast period. Increasing healthcare costs are also a factor that is expected to improve the growth potential of pharmaceutical manufacturers in the next few years.[2]

The US and Europe are the largest markets and account for approximately two-thirds of overall global sales. China is ranked as the fastest growing market with a CAGR of 11 percent during the analysis period, supported by the enormous progress that the country has made in developing attractively priced next-generation therapies. Aggressive reforms of pharmaceutical regulations and approval mechanisms have helped China to develop the second largest pharmaceutical industry in the world.[3]

Cancer treatments

Cancer treatments are becoming increasingly individualized through improvements in cancer diagnoses and the development of targeted drug strategies. Subgroups of patients with various mutations receive agents targeted against the specific mutation. In most diagnoses, these therapies are only effective in the selected group of patients with a specific genetic mutation. In most cases, the therapies are combined with chemotherapy or provided after initial chemotherapy treatments. The cornerstones of cancer therapy remain: surgery – radiotherapy – chemotherapy.

Cancer treatments based on XR-17

Oasmia develops and sells drugs primarily within oncology and intends to expand the portfolio with additional development projects at the clinical-study phase within this field. Oasmia's portfolio currently comprises two cancer-treatment products based on the proprietary XR-17 technology platform, Apealea (paclitaxel micellar) and Docetaxel micellar.

Approximately 40 percent of all approved drugs have problems with aqueous solubility[4]. An estimated 70–90 percent of drugs under development have problem with aqueous solubility . However, by using various methods, the challenge of formulations with non-hydrophilic drugs can be solved. The solvents, Cremophor EL and Polysorbate 80, are two excipients generally used for solubilizing non-hydrophilic APIs. However, they can also result in undesirable side-effects[5] and may require premedication with cortisone, antihistamines and H2 blockers before they can be administered.

Therapy options in cancer

Radiation therapy
Radiation therapy (also called radiotherapy) is a cancer treatment that uses high doses of radiation to kill cancer cells and shrink tumors.

Chemotherapy
Chemotherapy works by stopping or slowing the growth of cancer cells, which grow and divide quickly. Chemotherapy is used to:

- Treat cancer. Chemotherapy can be used to cure cancer, lessen the chance it will return, or stop or slow its growth.
- Ease cancer symptoms. Chemotherapy can be used to shrink tumors that are causing pain and other problems.

Hormone therapy
Hormone therapy blocks or lowers the amount of hormones in the body to stop or slow down the growth of cancer.

- Breast cancer (estrogen or progesterone blockers)
- Prostate cancer (testosterone blockers)

Immunotherapy
Immunotherapy uses our immune system to fight cancer. It is a standard treatment for some types of cancer and is in trials for other types.

- Monoclonal antibodies
- Checkpoint Inhibitors
- Cytokines
- Vaccines
- CAR-T

Targeted cancer therapies
Targeted cancer therapies are drugs or other substances that block the growth and spread of cancer by interfering with specific molecules ("molecular targets") that are involved in the growth, progression, and spread of cancer.

- Monoclonal antibodies
- Cancer growth blockers
- Anti-angiogenetics
- PARP-inhibitors

Taxoid drugs in oncology

There are numerous cytotoxins available for chemotherapy. Taxoids are a common group of cytotoxins used for the treatment of cancer. The active ingredients, paclitaxel and docetaxel, belong to the taxoid class. Taxoids, by themselves, are insoluble in water.

Paclitaxel is used for the treatment of various forms of breast cancer, lung cancer and ovarian cancer. Docetaxel is used for the treatment of breast cancer and lung cancer, as well as prostate cancer, stomach cancer and also head and neck cancer.

Treatment with solvent-based taxoids can trigger acute anaphylactic reactions, which is why premedication with corticosteroids and antihistamines are required to reduce the risk of allergy. It is probable that the allergic reactions are not due to the taxoids themselves, but to the solvent used in the preparations to make the substances hydrophilic[6]. Despite mandatory corticosteroid premedication, the risk of an allergic reaction during treatments involving solvent-based paclitaxel or docetaxel can be up to 50 percent[7].

Furthermore, corticosteroids can cause their own side effects, depending on the dose administered and duration of treatment. Side effects such as osteoporosis, musculoskeletal effects, metabolic and endocrinal effects and the impact on other organ systems may occur.

Paclitaxel micellar – Apealea

Oasmia's Apealea, based on XR-17, is the first solvent-free paclitaxel drug to be approved by the European Medicines Agency (EMA), in combination with carboplatin as a treatment for adult patients suffering a first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. Pretreatment with high doses of corticosteroids is not required with Apealea, in distinction to solvent-based taxoids.

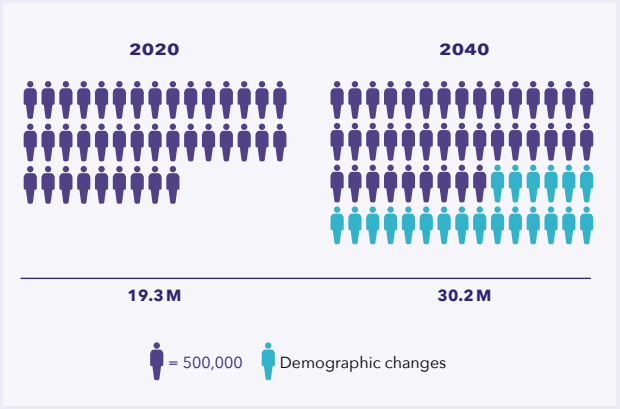
The opportunity to avoid premedication requirements and the side effects inherent with solvent-based paclitaxel is of value to patients and attending physicians.

Docetaxel micellar

Oasmia has scheduled a study in collaboration with the Swiss Cancer Research Group (SAKK) to investigate the usage of Docetaxel micellar in a formulation of docetaxel with Oasmia's XR-17 platform.

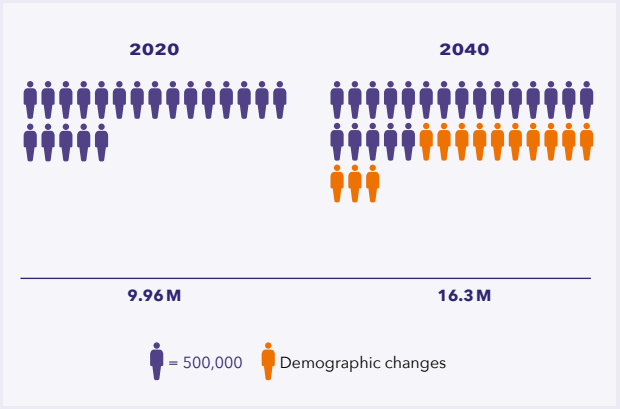
Docetaxel is currently the first choice of chemotherapy for metastasized prostate cancer. However, the administration of docetaxel requires, as mentioned, premedication with high doses of corticosteroids.

With Oasmia's Docetaxel micellar, the company aims to study whether the therapy can be provided without requiring high doses of corticosteroids as either a parallel treatment or as premedication. Steroid-free Docetaxel micellar therapy could potentially entail significant improvements to the care of patients with metastasized prostate cancer.



Estimated number of new cases from 2020 to 2040, both sexes, age 0–85+. All cancers. World.

Read more at IARC



Estimated number of deaths from 2020 to 2040, both sexes, age 0–85+. All cancers. World.

Read more at IARC

Source: The International Agency for Research on Cancer (IARC)

Incidence by cancer site

Cancer		New cases Number	Rank	%
Lung	●	**2,093,876**	**1**	**11.6**
Breast	●	**2,088,849**	**2**	**11.6**
Prostate	●	**1,276,106**	**3**	**7.1**
Colon		1,096,601	4	6.1
Stomach	●	**1,033,701**	**5**	**5.7**
Liver		841,080	6	4.7
Rectum		704,376	7	3.9
Oesophagus		572,034	8	3.2
Cervix uteri	●	**569,847**	**9**	**3.2**
Thyroid		567,233	10	3.1
Bladder		549,393	11	3.0
Non-Hodgkins lymphoma		509,590	12	2.8
Pancreas		458,918	13	2.5
Leukaemia		437,033	14	2.4
Kidney		403,262	15	2.2
Corpus uteri		**382,069**	**16**	**2.1**
Lip, oral cavity		354,864	17	2.0
Brain, nervous system		296,851	18	1.6
Ovary	●	**295,414**	**19**	**1.6**

● Cancer forms where taxanes are approved by regulatory agencies.

Source: Globocan 2018

Selected indications for currently approved taxoids

Female ovarian cancer

Ovarian or fallopian tube cancer are serious diseases that frequently result in the death of the patient if detected at a later stage of the disease and metastases has already occurred. Ovarian cancer is difficult to diagnose, mainly due to the diffuse range of symptoms. The prognosis of the disease is poor, and the five-year survival rate is less than 50 percent. The overall frequency of new cases globally is between 5–15 cases per 100,000 individuals[8]. In Western Europe and the US, the frequency is between 6–8 cases per 100,000[9]. Nearly 300,000 women are expected to develop the disease worldwide every year, of which approximately 700 in Sweden[10].

Surgery is the first and primary treatment for most women with ovarian cancer. Most patients will receive chemotherapy after their first operation. PARP inhibitors have recently been approved in the US and Europe for women with genetic mutations of BRCA1 and BRCA2. It is estimated that some 15 percent of women have inherited this mutation[11]. PARP inhibitors are currently indicated for patients who cannot receive chemotherapy or who have been diagnosed as having the above mutation.

The primary treatment of ovarian cancer consists of a combination of two cytotoxic drugs, carboplatin and paclitaxel. These two drugs are administered consecutively as an intravenous infusion and a normal dosage cycle is every third week. Apealea is the first solvent-free paclitaxel agent to be approved for the treatment of ovarian cancer, which allows for paclitaxel to be administered without requiring high-dosage corticosteroid pretreatments.

Prostate cancer

Prostate cancer is the second most frequent from of cancer worldwide and the fifth most frequent cause of cancer fatalities. In nearly all cases where a patient dies from prostate cancer, the patient was diagnosed with adenocarcinoma, a malignant tumor in the prostatic glandular tissue. Approximately 1.3 million new cases were recorded worldwide in 2018 and some 10,000 Swedish men develop the disease annually[12]. Prostate cancer is more prevalent in older males. In the US, 97 percent of all cases of prostate cancer are diagnosed in men aged 50 or older. The five- and ten-year survival rates are high in Europe and North America, but lower in some Asian and African countries[13].

The occurrence of prostate cancer will increase with an ageing population. The number of diagnosed patients will also increase with the availability of PSA screening and better education. Even if the majority of patients were to be diagnosed with the disease at an early stage and receive a positive prognosis, the number of metastasized cases would still rise.

The treatment for prostate cancer differs for the different stages of the disease. Intervention is normally not required for cases of localized disease with low PSA levels. Since the disease is fueled by the male sex hormone testosterone (compared with estrogen for breast cancer), the first treatment option is chemical castration (antihormone treatment). In most cases this is sufficient, and the patient will not proceed to suffer metastasis beyond the prostate.

However, the prognoses are worsened in cases where the disease metastasizes beyond the prostate and the patient becomes incurable. Among patients with metastasis at stage IV, only 30 percent of them will survive beyond five years.

Chemotherapy is usually prescribed for patients with metastatic disease. The first chemotherapy treatment is with docetaxel, which makes Oasmia well positioned with Docetaxel micellar[14].

What is Chemotherapy?

Chemotherapy is the use of drugs to destroy cancer cells. It usually works by keeping the cancer cells from growing, dividing, and making more cells. Because cancer cells usually grow and divide faster than normal cells, chemotherapy has more of an effect on cancer cells. However, the drugs used for chemotherapy are powerful, and they can still cause damage to healthy cells.

When is chemotherapy used?

- Before surgery or radiation therapy to shrink tumors. This is called neoadjuvant chemotherapy.
- Before or after surgery or radiation therapy to destroy any remaining cancer cells. This is called neoadjuvant or adjuvant chemotherapy.
- As the only treatment. For example, to treat cancers of the blood or lymphatic system, such as leukemia and lymphoma.
- For cancer that comes back after treatment, called recurrent cancer.
- For cancer that has spread to other parts of the body, called metastatic cancer.

Source: cancer.net

[1] The International Agency for Research on Cancer (IARC) https://gco.iarc.fr/tomorrow/en/dataviz/isotype?types=0&single_unit=500000
[2] businesswire.com
[3] https://www.reportlinker.com
[4] DOI: 10.1016 / j.apsb.2015.07.003
[5] EJC, VOLUME 37, ISSUE 13, P1590-1598, Adv Ther. 2018; 35 (6): 754–767
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[11] Ther Adv Med Oncol. 2017 Aug; 9 (8): 519–531
[12] Prostate Cancer Report (2018), the World Cancer Research Fund and Cancerfonden (2019).
[13] Prostate Cancer Report (2018), the World Cancer Research Fund.
[14] NCCN guidelines – National Comprehensive Cancer Network 2019;17(5):479–505

Project portfolio – veterinary medicine

Oasmia's product candidates within veterinary medicine use the XR-17 technology platform to facilitate the administration of intravenously delivered solvent-free active pharmaceutical ingredients. Oasmia's development work focuses on the creation of new formulations of well-established chemotherapy drugs that may be usable for the treatment of cancer in pets. Oasmia currently has two product candidates within veterinary oncology: Doxophos Vet and Paccal Vet. Both product candidates are in the clinical phase and require additional investments before regulatory approval can be granted.

Paccal Vet

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

Doxophos Vet

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

Strategic assessment of veterinary medicine operations

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

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

The market for veterinary medicine

The market for pets as a whole is growing in both the US and Europe, with the ongoing Covid-19 pandemic acting as an extra driver in 2020. The market for veterinary care is also growing in pace with an increased willingness to pay for the care of pets and increasing numbers of pets with animal insurance coverage. Oasmia deems that its product candidates within veterinary oncology, Doxophos Vet and Paccal Vet, will, upon their approval, address a significant market for the cancer treatments of pets in the US and Europe.

The overall market for pet veterinary care was estimated at USD 16 billion in 2019, of which the market for veterinary oncology was estimated at about MUSD 200*. Oasmia deems that its product candidates within veterinary oncology, Doxophos Vet and Paccal Vet, will, provided that they are approved, address a significant market for the treatment of cancer in pets in the US and EU.

Factors impacting the market for veterinary medicine

Canine populations are on the rise in the US and Europe. The willingness to pay for the care of pets is also rising, which is attributable to a change in attitude among owners and their relationship to pets, which are increasingly being regarded as a member of the family. Consequently, owners are willing to seek high quality veterinary care for their pets, which is also being facilitated by animal insurance coverage.

Factors deemed to have a positive impact on the market mainly comprise an ageing population, stronger relationships between dogs and their owners, increasing awareness among veterinarians, a greater number of drugs approved for veterinary indications and a greater number of insured animals.

Factors that are deemed to have an adverse impact on the market primarily comprise the negative opinion of pet owners about cancer treatments for animals due to the non-existence of any adapted drugs for cancer treatment within veterinary care, the extremely limited access to cytostatics that are developed and adapted for use in dogs, extensive treatments associated with high costs, and an undeveloped market where more education is required.

16 billion USD
was the overall market for pet veterinary care estimated in 2019

* Source: Grand View Research, Companion Animal Health Market Size, Share & Trends Analysis Report, Dec. 2020

Organization and employees

During the financial year, the company initiated a comprehensive cost-reduction program and implemented several organizational changes with the aim of maximizing resources and enabling investment in areas that provide the greatest returns. With Oasmia's entry into the commercialization phase, the company has strengthened competencies within its Board, management and R&D department.

As a result of the spring 2020 strategic review of Oasmia's operations and the global partnership agreement with Elevar Therapeutics, the company has implemented organizational changes that have entailed reductions in staff, mainly within commercial manufacturing. Oasmia's core skills are mainly found within drug development and business development today, and the company is working proactively to strengthen its expertise within relevant areas. During and after the close of the financial year, the company's management was reinforced with several key positions.

Commercial manufacture is no longer part of Oasmia's core operations and during the financial year, the company transferred its production responsibilities to Elevar Therapeutics.

As a part of the company's change of focus, its head office was moved from Uppsala to Stockholm after the close of the financial year. However, our laboratory operations have remained in Uppsala.

High education level

At the close of the shortened 2020 financial year, Oasmia had 29 employees, which is a reduction of 54 percent compared with the close of the preceding financial year. Of the company's total number of employees, 38 percent were women and 62 percent men. The company's management team comprised 20 percent women and 80 percent men. Of the company's other managers, 44 percent were women and 56 percent men.

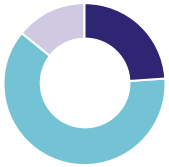
Oasmia employees are highly educated. At the close of the financial year, 24 percent of Oasmia's employees had a Ph.D. and 86 percent a university degree. Oasmia's organization is characterized by diversity, with employees of various nationalities and backgrounds. This helps to create a dynamic workplace with a positive and stimulating work environment.

Healthy work environment and safe workplace

Oasmia strives to create a work environment that is conducive to health and well-being, with a low rate of sickness absence. The company works proactively to improve and ensure a healthy work environment with a high level of safety for employees. It is important for Oasmia to be a professional and attractive employer, where its employees are satisfied and have opportunities to develop.

In accordance with the Swedish Discrimination Act, Oasmia conducts an annual salary review aimed at determining whether salary differences between women and men are directly or indirectly linked to gender and, if so, acts to eliminate these differences. The company is keen to be a professional employer that is nondiscriminatory and which provides equal opportunity.

Oasmia has a committed team of employees who are passionate about its operations, whose goal is to continue developing and improving the organization to optimize its efficiency, particularly through short decision-making pathways.



Education
- Ph.D. 24%
- Other academic education 62%
- Other education 14%

Oasmia's employees
- Men 62%
- Women 38%

Oasmia's managers
- Men 56%
- Women 44%

Oasmia's management team
- Men 80%
- Women 20%

"Oasmia strives to create a work environment that is conducive to health and well-being, with a low rate of sickness absence. The company works proactively to improve and ensure a healthy work environment with a high level of safety for employees."

Sustainable development

As a development company within the pharmaceutical industry, Oasmia is a significant part of society and proactive sustainability efforts are at the heart of the company. In 2021, Oasmia commenced a far-reaching project aimed at clarifying and structuring the company's sustainability agenda and thereby securing a long-term sustainable business model.

Oasmia's core operations primarily comprise research and development. Limited production is conducted by Oasmia now that the production process has been outsourced to selected specialist contract manufacturers. Furthermore, the company has management, financial, marketing & sales functions as well as other support functions.

Regulated activities

Drug development is subject to numerous regulatory frameworks, laws, guidelines, standards and industry standards applicable to everything from laboratory activities to production and the implementation of clinical studies. On the whole, this means that Oasmia operates within a stringently regulated environment.

Supervisory authorities in the respective markets verify that Oasmia lives up to the requirements on drug development and handling. These authorities mainly comprise the pharmaceutical authorities: the European Medicine Agency (EMA) and US Food and Drug Administration (FDA).

Internal governance of sustainability initiatives

The Board's duties under the Swedish Corporate Governance Code include, inter alia, identifying how sustainability issues impact the company in terms of risks and business opportunities. The Board is responsible for sustainability initiatives being conducted by Oasmia that are appropriate for the company and for ensuring the requisite policies and procedures are in place. Oasmia's CEO has overriding responsibility for implementing the Group's sustainability initiatives.

Oasmia's regular sustainability efforts are based on a number of policies and instructions, for example:

- The Code of Conduct
- Whistle-blower policy
- Personnel manual
- Plans and instructions pertaining to a good work environment and increased equality.

Limited impact on the external environment

Even if the direct impact of the company's activities on the wider environment is minimal, Oasmia's ambition is to pursue active efforts to reduce direct and indirect environmental impact in various ways across all functions. Activities are subject to registration in accordance with the ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health. The Environmental Administration of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

Climate impact

Oasmia's operations lead to limited carbon emissions that are mainly attributable to the company's premises, business travel and transportation. The necessity to travel should be considered carefully and use of digital web-based meetings and phones prioritized. When necessary, journeys should be conducted with as little environmental impact as possible.

Handling chemicals and solvents

Handling pharmaceuticals entails an exposure risk to substances that are hazardous for the environment and for health. Chemicals and solvents used in the activities are handled pursuant to the established drug development regulations and do not seep into the surroundings from ventilation systems or via sewage. Laboratory ventilation is separate from the building's general ventilation system. Closed-circuit processes are used to a high degree, and chemical and solvent residues are handled by waste-management companies for final destruction and recycling. Most internal instructions are linked to safety and the environment. Furthermore, Oasmia strives to minimize resources used and waste.

Collaboration partners and suppliers

Oasmia's sustainability expectations encompass all parties linked to the company, such as suppliers, distributors and contract manufacturers. External partners must be selected based on environmental and ethical criteria, and Oasmia has a well-defined policy and procedure for supplier controls, through which suppliers are assessed and monitored, including on environmental and ethical aspects.

Attractive and safe workplace

Committed employees and good leadership are natural prerequisites for us to successfully live up to our vision. Oasmia strives to provide a safe workplace for all employees, regardless of their role or position. The work environment is to be safe and stimulating. Oasmia continuously pursues efforts to improve, in order to continue being an attractive employer, with thriving and satisfied employees.

Initiatives in 2020 and focus for 2021

In 2020, Oasmia worked on developing some of the company's key sustainability-related steering documents. In the beginning of 2021, Oasmia commenced a far-reaching project aimed at clarifying and structuring the company's sustainability agenda and thereby securing a long-term sustainable business model. Among other actions, the project encompasses identifying and mapping the company's key stakeholders and most material sustainability topics through an internal materiality analysis. The internal mapping will be verified and confirmed in the next stage through a stakeholder dialogue with selected representatives from Oasmia's stakeholder groups. Tangible action plans will then be developed to strengthen initiatives for each topic. The practical work is expected to be implemented in 2021, with the objective that moving forward, Oasmia will be better able to measure and report on ongoing sustainability initiatives and the impact we and our business have on our stakeholders and our community.

The share and shareholders

The Oasmia share has been listed on Nasdaq Stockholm under the Mid-Cap segment since 2010. At the close of the financial year, Oasmia had a market value of approximately SEK 1.85 billion and more than 22,000 shareholders.

Share information

Oasmia's share has been listed on Nasdaq Stockholm since 2010, under the Mid-Cap segment. The share is traded under the ticker, OASM, with the ISIN code: SE0000722365. The number of shares at the end of the financial year was 448,369,546, with a quotient value of SEK 0.10 per share. The average number of shares under financial year was 448,369,546. The share capital at the close of the financial year totaled SEK 44,836,954.60.

Oasmia's share has also been listed on the Frankfurt Stock Exchange (OMAX.GR, ISIN SE0000722365) since 2011. No trading of the company's share is ongoing, and work is underway to delist the company from the Frankfurt Stock Exchange.

Share performance and turnover

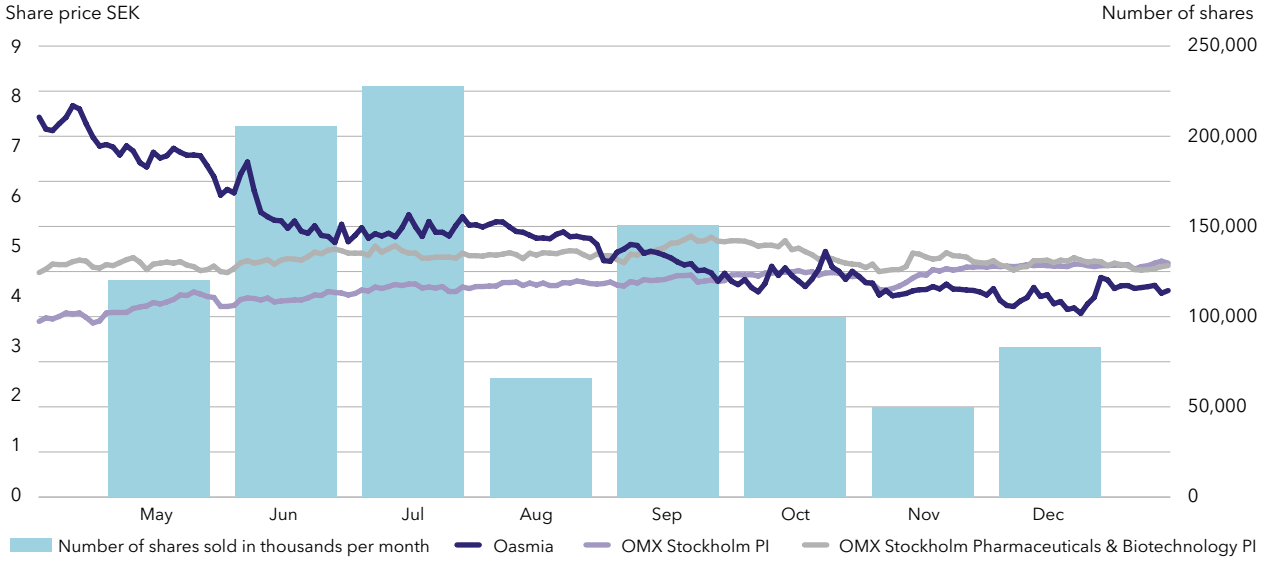
During the shortened financial year of May to December 2020, Oasmia's share price declined 43.9 percent from SEK 7.35 to SEK 4.12. At the close of the financial year, Oasmia's market value totaled MSEK 1,847, based on the closing price of SEK 4.12. During the period, 1,002 million shares were traded through Nasdaq Stockholm at a total value of MSEK 5,368. The diagram below shows the share's price trend on Nasdaq Stockholm during the financial year May to December 2020.

Ownership structure

On December 31, 2020, Oasmia had 22,303 shareholders. Per Arwidsson is the company's largest owner through his company Arwidsro Investment AB and, at the closing date, Per Arwidsson owned 24.8 percent of the company through private ownership, related entities and a company. The 10 largest owners of the company control slightly more than 41 percent of the capital and votes.

Dividend policy

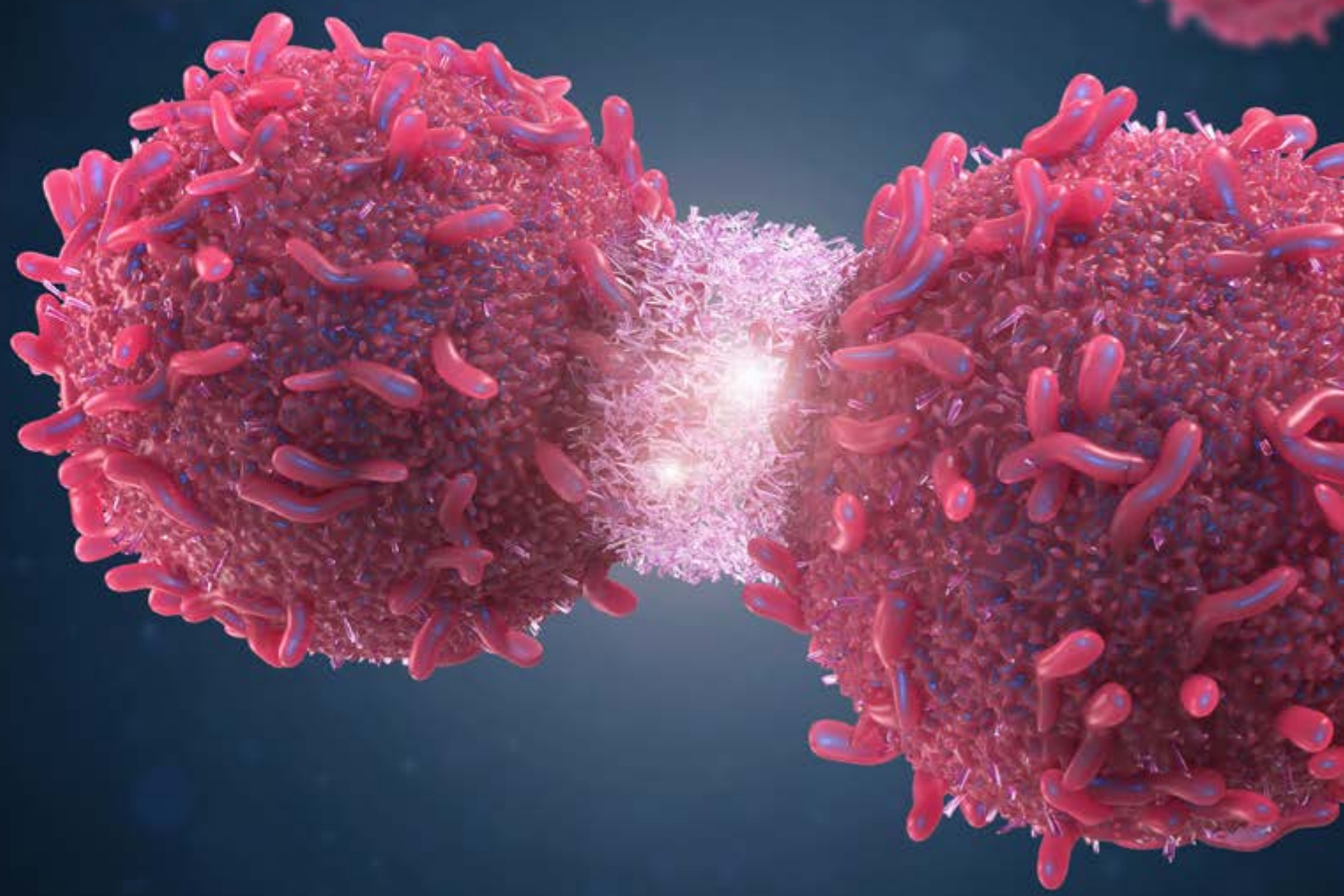
Oasmia has never issued any dividends and the Board has no intentions to propose any dividends for the past financial year or to commit to any fixed dividend ratio.



The 10 largest shareholders as of December 31, 2020

Name	Number of shares	Capital (%)	Votes (%)
Per Arwidsson with related parties	111,371,238	24.84%	24.84%
Avanza Pension	28,294,095	6.31%	6.31%
Nordnet Pension Insurance	9,367,649	2.09%	2.09%
Mastan AB (Håkan Lagerberg)	9,200,000	2.05%	2.05%
Swedbank Insurance	6,510,079	1.45%	1.45%
Johan Zetterstedt	5,300,000	1.18%	1.18%
Christer Ericson	3,861,289	0.86%	0.86%
Håkan Svanberg	2,641,000	0.59%	0.59%
Handelsbanken Funds	2,556,411	0.57%	0.57%
SEB Funds	2,534,522	0.57%	0.57%
Total 10	**181,636,283**	**40.51%**	**40.51%**
Others	266,733,263	59.49%	59.49%
Total number of shares	448,369,546		

Corporate Governance Report & Financial Statements



Administration Report

The Group consists of the Parent Company Oasmia Pharmaceutical AB, the Swedish subsidiaries Oasmia Incentive AB and Qdoxx Pharma AB, the US subsidiaries AdvaVet Inc. and Oasmia Pharmaceutical Inc., a subsidiary in Hong Kong, Oasmia Pharmaceutical Asia Pacific Ltd., and a subsidiary in Russia, Oasmia RUS LLC. The Parent Company develops, produces, markets and sells a new generation of drugs within human and veterinary oncology.

Shortened fiscal year

The Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, which entailed shortening the 2020 fiscal year to the eight-month period from May 1 to December 31, 2020. However, the comparative figures in this Annual Report are as presented in the 2019/2020 Annual Report. This means that balance-sheet-related comparative figures are presented as at April 30, 2020 and income- and cash-flow-related figures are presented for the 12-month period from May 1, 2019 to April 30, 2020. The above applies for comparative figures when presented in tables and when given in parentheses in the running text.

When expressions such as "during the year" or "in 2020," etc., are used in the Administration Report, the Corporate Governance Report and the financial reports, unless otherwise stated, they pertain to the 2020 fiscal year, that is the period from May 1 – December 31, 2020.

Business activities

The Oasmia Group encompasses the Parent Company Oasmia Pharmaceutical AB together with two Swedish, one Russian, one Hong Kong based and two US subsidiaries, of which one was founded during the year. All of the subsidiaries are dormant and the Group conducts all its operations through the Parent Company.

Oasmia is a research-focused biotechnology company with the objective of becoming a leading European specialty pharma company with sustainable, profitable growth. This will be achieved through proprietary research and development, M&As and in-licensing of clinical projects.

Oasmia is developing a new generation of drugs, primarily within oncology. Our product development leverages the company's proprietary technology platforms to manufacture novel drug formulations that are intended to demonstrate improved properties in comparison with current alternatives, which can lead to a reduced side-effect profile and an expanded therapeutic area.

One element of Oasmia's growth strategy is to expand the company's project portfolio and Oasmia continuously searches for new in-licensing possibilities, primarily for oncology products in pre-clinical to late clinical phases. As the first step in a planned series of acquisitions and licensing agreements, after the end of the fiscal year, in March 2021, Oasmia acquired the global development and commercialization rights for Cantrixil, a clinical stage, ovarian cancer program from Kazia Therapeutics, an Australian biotechnology company.

Operations have been conducted during the year at Oasmia's premises in Uppsala.

Technology platforms

Oasmia's products and product candidates are based on the company's proprietary and patented technology platform, XR-17. The platform can be used for drugs within many therapeutic areas, to develop formulations that improve the hydrophilic properties of drugs with poor solubility. Novel, innovative and patented drugs can be created by combining XR-17 with a pharmaceutical ingredient.

Oasmia is also working on the further development of XR-17 and its therapeutic areas. Two development projects are currently ongoing: XR-18, which could have even greater versatility and potential than XR-17, and XR-19, which enables the joint encapsulation of two active pharmaceutical ingredients (APIs) in one micelle.

In addition to expanding Oasmia's project portfolio with new drugs, Oasmia is investigating further enhancement and increased usage of the company's proprietary technology platform. In 2020, a specialist firm was engaged to drive a partnership with XR-17, including collaboration to improve solubility for products in therapeutic areas other than cancer as well as out-licensing of the technology for use outside of our core areas.

Products and project portfolio

Oasmia aims to use the company's proprietary technology platforms to manufacture novel drug formulations that are intended to demonstrate improved properties in comparison with current alternatives, which can lead to a reduced side-effect profile and an expanded therapeutic area. The first approved product that uses the company's technology is Apealea (paclitaxel micellar).

Apealea

Apealea is a patented solvent-free formulation of paclitaxel, administered through Oasmia's XR-17 technology platform. Apealea, in combination with carboplatin, has been granted market approval in the EU and several other territories as a treatment for adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, or primary peritoneal cancer or fallopian tube cancer. Apealea has also received orphan designation from the FDA for the treatment of epithelial ovarian cancer. Oasmia is working to make Apealea available to patients through its partnership with Elevar Therapeutics and the company's own commercial initiatives in the Nordic countries.

Docetaxel micellar

Docetaxel micellar is an early phase drug candidate in a novel formulation that combines the well-established cytotoxin docetaxel in combination with XR-17. Docetaxel is currently administered intravenously and contains ethanol and the solvent, polysorbate 80. In contrast, Oasmia's formulation of docetaxel micellar is free from both ethanol and polysorbate 80. In June

2020, Oasmia partnered with the Swiss Group for Clinical Cancer Research (SAKK) with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Oasmia's docetaxel micellar formulation.

Cantrixil
Cantrixil is a clinical stage drug candidate developed for the treatment of ovarian cancer. Cantrixil consists of the active molecule TRXE-002-01, a potent and selective third generation benzopyran SMETI inhibitor, encapsulated in a cyclodextrin. Cantrixil targets a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse. In December 2020, the results were presented of a Phase I open-label study (NCT02903771) conducted at clinics in the USA and Australia. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. A Phase II study with Cantrixil is expected to be initiated in 2022. Oasmia acquired the global development and commercialization rights for Cantrixil in March 2021.

Veterinary medicine
Oasmia's product candidates within veterinary medicine also use the XR-17 technology platform to facilitate the administration of intravenously delivered solvent-free active pharmaceutical ingredients. Oasmia's original development and commercialization work focuses on the creation of new formulations of well-established chemotherapy drugs that are usable for the treatment of cancer in pets. Oasmia currently has two product candidates within veterinary oncology: Doxophos Vet and Paccal Vet. Both product candidates are in the clinical phase and require additional investments before regulatory approval can be granted.

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

Product development and sales within the framework of partnership agreements
In March 2020, that is in the previous fiscal year, Oasmia signed a global strategic partnership deal with the US-based company Elevar Therapeutics, Inc. regarding commercialization of Apealea. Under the agreement, Oasmia grants Elevar an exclusive license to further develop, produce, market, sell and sub-license Apealea worldwide, except for in the Nordic countries, the Baltic States, Russia and some other CIS countries.

Oasmia has also under this agreement undertaken to deliver XR-17, an input product in the production of Apealea, to Elevar.

Marketing and sales in the Nordic region
Oasmia has been working since 2020 to make Apealea available to patients in the Nordic countries through the company's existing commercial operations the region. However, the Covid-19 pandemic has significantly hindered these efforts during the year.

Developments during the year

Cost-reduction program
The above partnership with Elevar entails Elevar taking over several functions and, foremost among them, further development and production of Apealea. This enabled the implementation of an extensive cost-reduction program. The program encompassed staff reductions, which resulted in the total number of employees at year end being less than 30. This, in combination with closing down the majority of Oasmia's production facility, enabled notice to be given on the lease for the current offices and production premises in Uppsala after the end of the fiscal year, and the head office moving to more cost-effective premises in Stockholm in 2021. Research and development will, however, remain located in Uppsala.

Partnership with Elevar
The partnership with Elevar continued to develop over the year and several news items about the partnerships could be published:

- Elevar and Tanner Pharma Group launched a global Named Patient Program in July, to make Apealea available for patients in markets beyond the US.
- Elevar signed an agreement with Taiba Middle East FZ LLC for the commercialization of Apealea in the Middle East and North Africa.
- In December, an update from Elevar was announced about the development plan for Apealea within ovarian cancer.
- In December, Oasmia's partner Elevar signed a licensing agreement with Inceptua Group for the commercialization of Apealea in Europe.

Other important events during the fiscal year

- In May, Oasmia announced the outcome of a strategic review to deliver long-term, profitable growth as a specialty pharma company. As a result of the review, Oasmia ceased commercial manufacturing.
- An extraordinary general meeting in May resolved to elect former Board member Anders Härfstrand as the new Chairman of the Board and Birgit Stattin Norinder as a new member of the Board. Jörgen Olsson, former Chairman of the Board, and Gunilla Öhman, former Board member, left the Board.
- Oasmia entered into a settlement agreement as part of an American class action, refer to the section "Legal issues" below.
- In June, Oasmia signed a phase Ib study agreement with the Swiss Group for Clinical Cancer Research (SAKK) to evaluate docetaxel micellar as a treatment for prostate cancer.
- Peter Selin was appointed Chief Business Officer in August.
- Oasmia's CFO Michael af Winklerfelt resigned in August and Fredrik Järrsten was appointed in September as new CFO starting March 2021. Robert Maiorana was appointed acting

CFO in November, starting December 1, 2020 until Fredrik Järrsten took up his post as permanent CFO for Oasmia.
- In September, Oasmia's Nomination Committee revised its proposal to the Annual General Meeting regarding the election of Board members and Sven Rohmann announced that he was no longer available for re-election at the September 9 AGM.
- Oasmia started a court action in September against the company's former Board with a claim for damages of around MSEK 30. For further information, refer to section "Legal proceedings" below.
- In October, Oasmia was ordered by the Disciplinary Committee of Nasdaq Stockholm to pay a fine of about MSEK 3.1 due to the company's former Board's violation of good stock market practices in various respects in connection with the company's Extraordinary General Meeting of March 2019.
- Oasmia announced in October that the company was continuing to secure important IP rights, including approval of the XMeNa patent in India and soon in Australia as well as approval of trademark registrations for Apealea in Switzerland, Israel, South Africa, Malaysia and Indonesia.
- In December, Oasmia announced that it had secured valuable IP rights in Australia and Brazil.

Important events after the end of the fiscal year

- In February 2021, Heidi B. Ramstad was appointed as Chief Medical Officer.
- In March 2021, Fredrik Järrsten took up the position as Chief Financial Officer. Robert Maiorana, who has been acting CFO since December 2020, will continue as Head of Accounting for the company.
- In March 2021, Oasmia signed an agreement with Kazia Therapeutics, an Australian oncology-focused biotechnology company, to acquire exclusive global development rights for Cantrixil, a product candidate in development intended for the treatment of ovarian cancer.
- In March 2021, Oasmia entered into a collaboration agreement with Karolinska Institutet in Stockholm. The collaboration will include a review of data and experimental methods to gain a deeper understanding of XR-17 and API formulations in various cancer indications with a focus on ovarian carcinoma.
- In March 2021, an arbitral tribunal in Stockholm uphold Oasmia's right to record the assignment of its patents and patent applications in its own name.
- In April 2021, a Phase 1b trial of Oasmia's Docetaxel Micellar in advanced prostate cancer was granted ethical committee approval.
- In April 2021, Oasmia presented Cantrixil final Phase I data at the 2021 AACR Annual Meeting.
- In April 2021, Oasmia appointed Dr Reinhard Koenig as Chief Scientific Officer.
- In April 2021 Andrea Buscaglia was proposed as new Board member by the Nomination Committee of Oasmia.

Financial information

Shortened fiscal year and its significance for comparability

As stated above, the Annual General Meeting on September 9, 2020 resolved to change the Oasmia's fiscal year to the calendar year, which entailed shortening the current fiscal year to the period from May 1 to December 31, 2020. However, the comparative figures in this Annual Report are as presented in the 2019/2020 Annual Report. This means that balance-sheet-related comparative figures are presented as at April 30, 2020 and income- and cash-flow-related figures are presented for the 12-month period from May 1, 2019 to April 30, 2020.

Given that the income- and cash-flow-related figures for the previous fiscal year were for a 12-month period, whereas the figures for this fiscal year encompass an eight-month period, this naturally means that the figures are not directly comparable. The following comments are therefore limited to drawing attention to specific significant circumstances and refrain from closer comparative analysis.

Net sales

Net sales amounted to TSEK 482 (201,843) and comprised sales of goods for TSEK 95 (2) and supplies for TSEK 288 (399) as well as licensing revenues of TSEK 99 (201,442).

On conclusion of the above partnership with Elevar in the previous fiscal year, Oasmia received an upfront payment of MUSD 20 that was recognized as licensing revenues of TSEK 201,100.

Operating income/loss

The operating loss amounted to TSEK -131,493 (-30,086). The better earnings in the previous year were mainly attributable to the substantial licensing revenues stated under "Net sales" above.

During the last quarter of the previous fiscal year, the capitalization of development costs for Apealea/Paclical was halted and amortization of capitalized development costs for this product started. This entailed a significant increase in amortization in the 2020 fiscal year.

As part of alignment with the partnership agreement contracted between Oasmia and Elevar Therapeutics ("Elevar") in March 2020, Elevar has taken over production and product development of Apealea, and a substantial share of the company's in-house production was therefore discontinued. This led to a substantial staff reduction and the number of employees at year end was 29, compared with 61 at the end of April 2020. A decision was also taken to given notice of termination on the premises in Uppsala and to move to smaller, more appropriate premises in Stockholm in spring 2021. Development activities will remain in Uppsala.

This has entailed recognition of restructuring costs in the fiscal year. Severance pay and / or salary and benefits during the period of notice with time off work amount to approximately SEK 9.1 million (SEK 2.5 million), based on 25 agreements on notice (1 agreement).Furthermore, production equipment and previously capitalized leasehold improvements were written down in an amount of MSEK 5.7 million

(0), but capitalized right-of-use assets in properties were also written down, MSEK 4.1 (0).

Net financial items
Net financial items of TSEK -8,777 (-13,270) consisted of financial income amounting to TSEK 4,138 (1,169) and financial expenses of TSEK 12,915 (14,439). 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 (18) and interest income from current financial receivables of TSEK 940 (1,151).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 4,564 (6,819), exchange losses on cash and cash equivalents of TSEK 5,940 (1,406), interest expenses from leases of TSEK 631 (1,003) and other financing costs of TSEK 79 (268). Moreover, an expense for financing costs for convertible debt instruments of TSEK 4,023 was recognized 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.

Income before taxes
Income before taxes amounted to TSEK -140,270 (-43,356). The better earnings in the previous year were mainly attributable to the substantial licensing revenues stated under "Net sales" above.

Income taxes
Reported income taxes for the period amounted to TSEK 0 (32,822). In the 2018/2019 fiscal 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.

Income for the year
The net loss after tax was TSEK -140,270 (-10,533). The year-on-year difference primarily stemmed from the licensing revenues from Elevar and from income taxes.

Cash flow and capital expenditure
Net cash flow for the year was TSEK -154,952 (84,731) and consisted of cash flow from operating activities of TSEK -136,575 (-6,866), cash flow from investing activities of TSEK -14,366 (-288,124) and cash flow from financing activities of TSEK -4,010 (379,722).

Cash flow from operating activities
Cash flow from operating activities for the period was TSEK -136,575 (-6,866). The year-on-year improvement in cash flow was due to the upfront payment of TSEK 201,100 which was received at the conclusion of the agreement with Elevar described above.

Cash flow from investing activities
Cash flow from investing activities for the year was TSEK -14,366 (-288,124).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the year consisted of investments in intangible assets of TSEK 0 (4,458) and investments in property, plant and equipment of TSEK 4,366 (8,415). Investments in intangible assets consisted of capitalized development costs of TSEK 0 (4,357) and of patents of TSEK 0 (101). 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 (280,000) was invested in short-term fixed-income funds and short-term fixed-income funds amounting to TSEK 90,000 (45,000) were divested. These flows are reported respectively in the cash flow statement as short-term investments and divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -4,010 (379,722) and comprised amortization of lease liabilities of TSEK -4,010 (-5,141). These primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

Last year's cash flow from financing activities also included new share issues that raised TSEK 428,551 and advance payments of TSEK 45,000 in conjunction with a new share issue. The outflow for issue expenses amounted to TSEK 26,688.

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 (201,018).

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 (234,080).

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 Annual 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 Annual 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 23 "Contingent liabilities, pledged assets and contingent assets" and the section "Legal issues" below.

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 (14,165), of which long-term liabilities were TSEK 6,545 (8,845).

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 (819,389), the equity/assets ratio was 79% (82), 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.

Options 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

Parent Company
The Parent Company's net sales for the year amounted to TSEK 482 (201,843) and income before taxes was TSEK -139,949 (-50,067). At December 31, 2020, the Parent Company's cash and cash equivalents amounted to TSEK 39,957 (200,819) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 247,277 (234,080).

Key metrics and other information

Tkr	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Number of shares at end of period, before and after dilution, thousand	448,370	448,370
Weighted average No. of shares, before and after dilution, thousand	448,370	398,395
Earnings per share before and after dilution, SEK	-0.31	-0.03
Equity per share, SEK	1.52	1.83
Equity/assets ratio, %	79	82
Net liability, TSEK	Neg.	Neg.
Debt/equity ratio, %	Neg.	Neg.
Return on total assets, %	Neg.	Neg.
Return on equity, %	Neg.	Neg.
Number of employees at year end	29	63

[1] Shortened fiscal year; see above

Five-year highlights – Group

TSEK	2020[1]	2019/20	2018/19	2017/18	2016/17
Net sales	482	201,843	1,980	3,169	172
Operating loss	-131,493	-30,086	-150,237	-113,984	-140,481
Earnings after tax	-140,270	-10,533	-201,300	-128,273	-160,243
Earnings per share, SEK[2/3]	-0.31	-0.03	-0.80	-0.59	-1.06
Weighted average number of shares, thou-sand[2]	448,370	398,395	253,312	217,717	150,983
Equity per share, SEK[2/3]	1.52	1.83	1.30	1.45	1.78
Equity/assets ratio, %[3]	79	82	63	60	58
Net liability	Neg.	Neg.	23,296	171,680	140,724
Debt/equity ratio, %	Neg.	Neg.	6	51	47
Number of employees at year end	29	63	60	58	66

[1] Shortened fiscal year; see above

[2] Historical values have been recalculated taking into account bonus issue components in the rights issues carried out in the 2017/2018 and 2019/2020 fiscal years respectively.

[3] Adjusted for error 2017/2018, see Note 4 in the 2019/2020 Annual Report.

The share

Oasmia's shares are listed on NASDAQ Stockholm and the Frankfurt Stock Exchange. The share capital at the end of the fiscal year amounted to SEK 44,836,954.60, allocated across 448,369,546 shares with a quotient value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. Neither are there any agreements to which the company is a party that would come into effect, be altered or be terminated if control of the company changes following a takeover bid. Otherwise, Oasmia has no knowledge of any agreements between shareholders which may restrict the right to transfer shares. Furthermore, there are no provisions in the Articles of Association concerning the appointment and dismissal of members of the Board of Directors, or agreements between the company and Board members or employees that entitle them to receive compensation if they resign from their positions, are given notice of termination without reasonable grounds, or their employment is terminated as a consequence of a public takeover bid.

As of December 31, 2020, the number of known shareholders amounted to 22,303. The largest shareholder in terms of number of votes on December 31, 2020 was Per Arwidsson together with related parties, with 24.8% of the votes and shares. No other single shareholder owns more than 10% of the votes in the company.

The Annual General Meeting (AGM) of September 9, 2020 authorized the Board to, on one or more occasions during the period up until the 2021 AGM, decide on issues of shares, warrants and/or convertible instruments with or without pre-emption rights for shareholders. Any decision to issue shares should reconcile with the provisions covering issues in kind, set-off and/or other conditions pursuant to Chapter 2, Section 5, second paragraph, points 1–3 and 5 of the Swedish Companies Act. In the event of deviation from the shareholders' pre-emption rights, the new shares, warrants and convertible instruments must be issued at a subscription price based on the share price (or in case of warrants or convertibles, with the share price as the basis for market valuation) at the time of the issue is conducted, decreased by any discount in line with market practice that the Board deems necessary. Other terms are decided by the Board, but must be aligned with market practice. A maximum of 89,673,909 shares, which corresponds to 20% of the total shares outstanding in the company at the date of the AGM, may be issued under the authorization (including any new shares added, following the exercise or conversion of warrants and convertible bonds issued under the authorization).

Legal issues

Intellectual properties

Oasmia's product portfolio consists of drug candidates, all of which are all based on the company's excipient model developed with technology and protected by patents in all countries that the company considers to be important. The company owns approved patents based on 12 different patent families.

Ardenia Investment ("Ardenia") a company under the control of the former executive Chairman in the company, Julian Aleksov, and in whose name many of the company's patents have been registered, has long since transferred its patents to the company, but Ardenia has despite requests not participated in the registration of the patents in accordance with the transfer agreements. An investigation by the company's legal advisor has concluded that all patents are owned by the company irrespective of the registration circumstances, and the company has thereafter initiated recordation of assignment

of the patents on its own, which has been concluded inter alia in: the United States, Canada, Australia, South Africa and most European countries. In 2019, Oasmia started measures for the purpose of, in relevant countries and through judicial procedures, accelerating and concluding the recordation of assignments. The measures included arbitration proceedings against Ardenia based on the transfer agreements which Ardenia disputed. On March 24, 2021, an arbitral tribunal in Stockholm upheld Oasmia's right to record the company's patents and patent applications in its own name. The arbitral tribunal also ruled that all costs related to the litigation to be borne by Ardenia. The work of registering Oasmia as the holder of the patents in the few remaining jurisdictions will therefore be completed.

Legal proceedings

- The labor law lawsuits that the previous executive Chairman Julian Aleksov and the previous CFO Anders Blom respectively had notified have now been filed, and Oasmia has contested them. A stay of proceedings applies to the actions pending the case pertaining to Board liability described in more detail below.
- MGC Capital Ltd. ("MGC") presented a claim for compensation 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[1] 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 the dismissal of initial procedural objections by the District Court, the case was appealed by MGC to the Svea Court of Appeal and subsequently withdrawn.

In July 2019, Oasmia acquired a claim on MGC from Arwidsro Investment AB as part of the settlement agreement between Arwidsro and Oasmia. The nominal value of the claim on its acquisition amounted to TSEK 60,251, but when the claim 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 claim 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.

- On July 29, 2019, a suit was filed on behalf of a class of investors against Oasmia, as well as its former senior executives Julian Aleksov, Mikael Asp, Anders Lundin, Fredrik Gynnerstedt, and Anders Blom in the United States District Court for the Southern District of New York.

  On May 30, 2020, a comprehensive settlement agreement was signed with plaintiffs in the class action, which Oasmia disclosed in a press release on June 1, 2020. In the press release, it was stated that Oasmia assessed that the settlement would not have any significant impact on the company's financial position or cash flows, with reference to the company's insurance and the ongoing recognition of legal expenses. The settlement agreement has thereafter been filed with the United States District Court for the Eastern District of New York for the statutory approval procedure to commence. The consequences were taken into account when closing the books at December 31, 2020. After the end of the fiscal year, Oasmia and its insurance company settled the liability.
- During audits for the 2017/2018 and 2018/2019 tax years, the Swedish Tax Agency checked the company's income tax returns. In a proposal for a decision dated June 26, 2020, the Swedish Tax Agency made the assessment that an amount of SEK 10,550,000 has been incorrectly withdrawn from the company as compensation for patents. The Swedish Tax Agency considers the amount to constitute a salary from the company, so the company must therefore pay social security contributions and tax surcharges. In addition, the Swedish Tax Agency considers that amortization on the said patent acquisition of SEK 527,500 per year (a total of SEK 1,055,000) should be returned to taxation. The effects of the Swedish Tax Agency's proposal for a decision are that the company's taxable profit for the tax year from May 1, 2017 to April 30, 2018 is reduced by SEK 13,337,310 at the same time as the company's taxable profit for the tax year from May 1, 2018 to April 30, 2019 is increased by SEK 527,500. This only affects the company's tax loss carryforwards. In addition, the Swedish Tax Agency's proposal for a decision entails that the company must pay social security contributions of SEK 3,314,810 and a tax surcharge of SEK 662,962.

  The company does not agree with the Swedish Tax Agency's assessment and believes that there are reasons why no social security contributions or any tax surcharge should be imposed and has therefore presented this case to the Agency for final decision.

  In a decision dated March 12, 2021, the Swedish Tax Agency has decided to reverse amortization totaling SEK 1,055,000 pursuant to the Agency's proposal for decision. However, the decision does not entail any charges for social security contributions and tax surcharges, and therefore, deviates from the Agency's proposal for decision. The effects of the Tax Agency's decision is that the company's taxable earnings increase by a total of SEK 1,055,000 corresponding reversed amortization. The changes only affect the company's tax loss carryforwards.
- At the 2019 Annual General Meeting of Oasmia the review of the company that had been carried out regarding the former Board's management of the company was presented. The former Board means Julian Aleksov, Lars Bergkvist, Bo Cederstrand, Alexander Kotsinas and Per Langö in this context. At the AGM, Svante Forsberg, a public accountant from the audit firm Deloitte, presented a summarized assessment of his review of the former Board. The AGM subsequently

[1] Refer to the section "Other borrowings" above.

resolved to instruct Oasmia's Board of Directors (the "Board") to continue to work with the information that was presented in Svante Forsberg's report. The AGM further resolved not to grant the former board members discharge from liability. The Board thereafter, with support of the law firm Hannes Snellman and other external expertise, investigated whether it is possible to hold the former Board accountable. The conclusion was that the former Board should be held accountable. The Board of Oasmia therefore resolved in September 2020 to bring action before the District Court of Stockholm against the former Board members.

The claim put forward is essentially attributable to the former Board members' handling of and involvement in a previous ownership dispute between Arwidsro and the former owner MGC (the "Ownership dispute"), loss of interest income due to unlawful loans during 2015–2017, costs for Oasmia in connection with the tax audit initiated by the Swedish Tax Authority in May 2019, deficient cover liability (Sw: Bristtäckningsansvar) following a fraudulent transaction scheme, as well as costs for Oasmia as a result of the class action lawsuit filed against the company in the United States in July 2019.

Oasmia claims compensation (joint and several liability) from the former Board members, insofar as the amounts can be determined, of approximately MSEK 30 together with interest thereon and reimbursement of legal costs. Furthermore, Oasmia requests the court to declare the former board members jointly and severally liable for any further loss that may result from certain actions and decisions by the former Board in connection with the Ownership dispute, a purchase of IP rights from Ardenia as well as any further loss following the tax audit initiated by the Swedish Tax Authority.

- On October 14, 2020, Oasmia was notified of a decision by the Disciplinary Committee of Nasdaq Stockholm to order Oasmia to pay a fine of 15 annual fees, corresponding to a total amount of approximately MSEK 3.1, due to the former Board of Oasmia, in connection with the Extraordinary General Meeting in the company in March 2019, in several respects violating good stock market practices. As described above, Oasmia has brought action against the former Board. In that action, the company seeks compensation covering the fine issued by the Disciplinary Committee.

Remuneration[1]

Board fees

At the 2020 AGM, it was decided that remuneration to the Board is payable in the following annual amounts:

- SEK 500,000 to the Chairman of the Board and SEK 250,000 to each of the other AGM-elected Board members who are not employed in the company; and
- SEK 50,000 to the Chairman of the Audit Committee and SEK 25,000 to each of the other committee members, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other committee members.

Management remuneration

The September 9, 2020, AGM resolved to adopt the following guidelines for the remuneration of senior executives.

These guidelines apply for remuneration to the CEO, other members of Oasmia's company management and, where applicable, renumeration to Board members in addition to Board fees.

The guidelines apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM. These guidelines do not apply to remuneration decided by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Successful implementation of Oasmia's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to recruit and retain highly qualified employees. To this end, the company must offer competitive remuneration, which these guidelines enable.

Types of remuneration

The remuneration must be aligned with market conditions and competitive, and may consist of fixed salary, variable renumeration, other customary benefits and pension. The general meeting can also, irrespective of these guidelines, resolve on, inter alia, share-based and share-price-related remuneration.

The fixed salary consists of a fixed annual cash salary. The fixed salary must be on market terms and is determined in light of area of responsibility, expertise and performance.

Variable remuneration may be offered in addition to fixed salary. Variable remuneration is linked to predetermined and measurable criteria, which can be financial or non-financial, and are designed in such a way that they promote the company's business strategy, long-term interests and sustainability.

Any variable remuneration during one and the same fiscal year is subject to a ceiling of not more than 50% of the fixed annual salary for the CEO. For other members of Oasmia's company management, variable remuneration during one and the same fiscal year is subject to a ceiling of not more than 50% of the fixed annual salary. The fulfillment of criteria for payment of variable remuneration must be measurable over a period of one year.

The extent to which the criteria for awarding variable remuneration have been satisfied is evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. The evaluation for financial targets is based on the latest financial information made public by the company. Furthermore, the Board has the right to reclaim any variable remuneration that has been paid on the basis of information later proven inaccurate and provided with a deceptive purpose.

[1] Refer also to Note 10 "Employees and remuneration."

Pension benefits, including health insurance, are premium defined and may not exceed 30% of the fixed annual salary. Variable remuneration does not qualify for pension benefits.

Other benefits may include, inter alia, medical insurance, company car and wellness allowance. Where such benefits are provided, they must be aligned with market conditions and only constitute a limited part of the total remuneration. Premiums and other costs due to such benefits may amount to a maximum of 30% of the fixed annual salary.

For employments governed by rules other than Swedish, the components of the total remuneration may be duly adjusted for compliance with mandatory rules or local practice, taking into account, to the extent possible, the overall objective of these guidelines.

Notice period and severance pay
In the event of termination of employment of the CEO, the mutual notice period is maximized at 12 months. In case of termination by the company, severance pay may be payable in an amount corresponding to a maximum of six months' salary. For other senior executives, the notice period is normally six months if notice is given by the company, and three months if notice of termination is initiated by the employee. No separate severance pay is payable.

Salary and terms of employment for employees
Salary and employment conditions for the company's employees were taken into account in the preparation of the Board's proposal for these remuneration guidelines. This was carried out by including information on the employees' total remuneration, the components of the remuneration and the remuneration's development over time in the Remuneration Committee's and the Board's decision data when evaluating the reasonableness of the guidelines and the limitations set out herein.

Board fees
If a Board member (including through a wholly-owned subsidiary) conducts services for Oasmia in addition to the Board assignment, separate fees for such services can be paid (consultancy fees), provided the services promote the implementation of Oasmia's business strategy and safeguard Oasmia's long-term interests, including its sustainability. The annual consultancy fee payable to a Board member is never permitted to exceed the member's annual Board fee. The fee must be in line with market practice.

Decision-making process to determine, review and implement the guidelines
The Board has established a Remuneration Committee. The committee's tasks include preparing the Board's decision on the proposed guidelines for remuneration to senior executives. The Board prepares a proposal for new guidelines at least every fourth year and submits it to the AGM for resolution. The guidelines apply until new guidelines are adopted by the general meeting. The Remuneration Committee also monitors and evaluates variable remuneration programs for the company management, the application of the guidelines for remuneration to senior executives, and the current remuneration structures and compensation levels in Oasmia. The members of the Remuneration Committee are independent of Oasmia and its management. The CEO and the other members of the company management do not participate in the Board's or Remuneration Committee's processing of and resolutions on remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines
The Board may temporarily decide to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and such a deviation is necessary to serve Oasmia's long-term interests, including its sustainability, or to ensure Oasmia's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration-related matters. This includes any decisions to deviate from the guidelines.

Incentive programs
The Extraordinary General Meeting on May 14, 2020, approved an employee stock option program directed to the company's CEO François Martelet. This means that 896,739 employee stock options were 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 February 13, 2024.

The AGM on September 9, 2020, resolved to adopt an incentive program for senior executives pursuant to the following.

The program is limited to a maximum of 400,000 employee stock options that can be exercised, subject to vesting terms over a period of 36 months, from allotment of the employee stock options until 12 months thereafter. Each employee stock option entitles the holder to acquire one share in Oasmia at a price corresponding to 150% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the two-week period prior to allotment. As of December 31, 2020, a total of 75,000 options had 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.

The Board, or a remuneration committee appointed from within the Board, is responsible for preparing the detailed terms and conditions of the incentive program, pursuant to the above terms and guidelines. In relation thereto, the Board is entitled to make adjustments to fulfill specific regulations and market conditions abroad. The Board also reserves the right to adjust the program in the event of significant changes in the company or its environment which would mean that the

decided conditions for exercising the options were no longer appropriate.

Costs for the company are accounted for on an ongoing basis pursuant to IFRS 2. No separate arrangements to ensure the delivery of the stock or regarding payments arising from exercise of the options is in place, inter alia, since the program is not expected to have any material financial effect and only corresponds to dilution of approximately 0.1%.

Environmental activities

Oasmia's business activities consist of research and development at the facility in Uppsala, where smaller quantities of chemicals are handled. Activities are subject to registration in accordance with the ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

The impact of the company's activities on the wider environment is minimal. Chemicals and solvents used in the activities do not seep into the surroundings from ventilation systems or via sewage. Laboratory ventilation is not connected to the building's general ventilation system. Closed-circuit processes are used to a high degree, and chemical and solvent residues are handled by waste-management companies for final destruction and recycling.

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

Personnel

The average number of employees during the fiscal year was 52 (60). Of these, 26 (31) are women and 26 (28) are men. The number of employees at year end was 29 (63). Salaries, benefits and social security contributions totaled TSEK 45,519 (63,787). For more information, see Note 10 "Employees and remuneration."

Regarding compensation paid to senior executives for the 2020 fiscal year, see Note 10 "Employees and remuneration" and Note 25 "Transactions with related parties."

Risks

All business involves risk and the risks entailed by Oasmia's activities can be divided into operational, financial and legal risks. The most significant operational and legal risks are described below. The financial risks are described in Note 17 "Financial instruments and financial risks."

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

Development and registration of drugs

Oasmia's future growth is dependent on the ability to develop new products and further develop existing products. Research and development of drugs and the regulations relating to research and development, manufacturing, trials, marketing and sales are complex and may change over time.

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

Drug development requires pre-clinical and clinical studies approved by regulatory authorities and independent ethics committees before they can begin.

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

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

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

Collaborations and partnerships

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

The company is responsible for the manufacture and supply of XR-17, including Elevar's manufacturing of Apealea, and other product candidates for use in clinical trials. Manufacture of products and product candidates requires compliance with the FDA, EMA and international cGMP and other international legal requirements. Problems in Oasmia's manufacturing process, failure to follow current regulations when manufacturing or unexpected increases in the company's manufacturing costs can harm Oasmia's business, results and financial position.

As a consequence of the partnership with Elevar, the company is dependent on Elevar to gain access to Apealea for the markets to which the company still has the distribution and marketing rights.

An increase in the value of inventories over time regarding both raw materials and finished and semi-finished goods can naturally increase the risk of obsolescence. There is always a risk that the goods will not be sold or further refined before their shelf life expiration date.

Intellectual property protection and patent risk

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

There is the risk that:

- product development leads to a product that cannot be patented;
- current or future patent applications do not lead to patents;
- approved patents do not offer sufficient protection;
- another patent supersedes the company's own patent;
- substances or processes are used that are patented or patent pending by someone else; and
- patent protection may be difficult to retain due to the fact that patents are registered in the name of someone else.

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

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

Market risks

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

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

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

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

Covid-19 pandemic

As a result of the ongoing Covid-19 pandemic, Oasmia is continuing to experience a clear adverse impact on its marketing activities as a result of drastically reduced access to healthcare providers and oncologists. Among other consequences, this has significantly hindered and delayed the launch of Apealea in the Nordic region, as well as to some degree adversely impacted supply chains in the form of longer lead times for some consumables, for example.

If the pandemic and its effects on society continue for an extended period, there is a notable risk that these difficulties will continue to adversely impact the company's commercial launch.

Key personnel and recruitment

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

Proposal for allocation of non-restricted equity

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

Key metrics and other information

SEK	Dec 31, 2020	Apr 30, 2020
Share premium reserve	1,905,072,854	1,904,463,055
Retained earnings	-1,156,888,019	-1,107,956,026
Income for the year	-139,949,081	-50,066,902
Total	**608,235,754**	**746,440,127**

The Board proposes that the 2021 Annual General Meeting resolves that the above amount available of SEK 608,235,754 (746,440,127) be carried forward.

Corporate governance report

Fiscal year May to December 2020

Oasmia Pharmaceutical AB ("Oasmia" or the "company") is the Parent Company of the wholly-owned Swedish subsidiaries Qdoxx Pharma AB and Oasmia Incentive AB, which are at present dormant companies, and AdvaVet Inc, Oasmia Pharmaceutical Asia Pacific Limited and Oasmia RUS LLP.

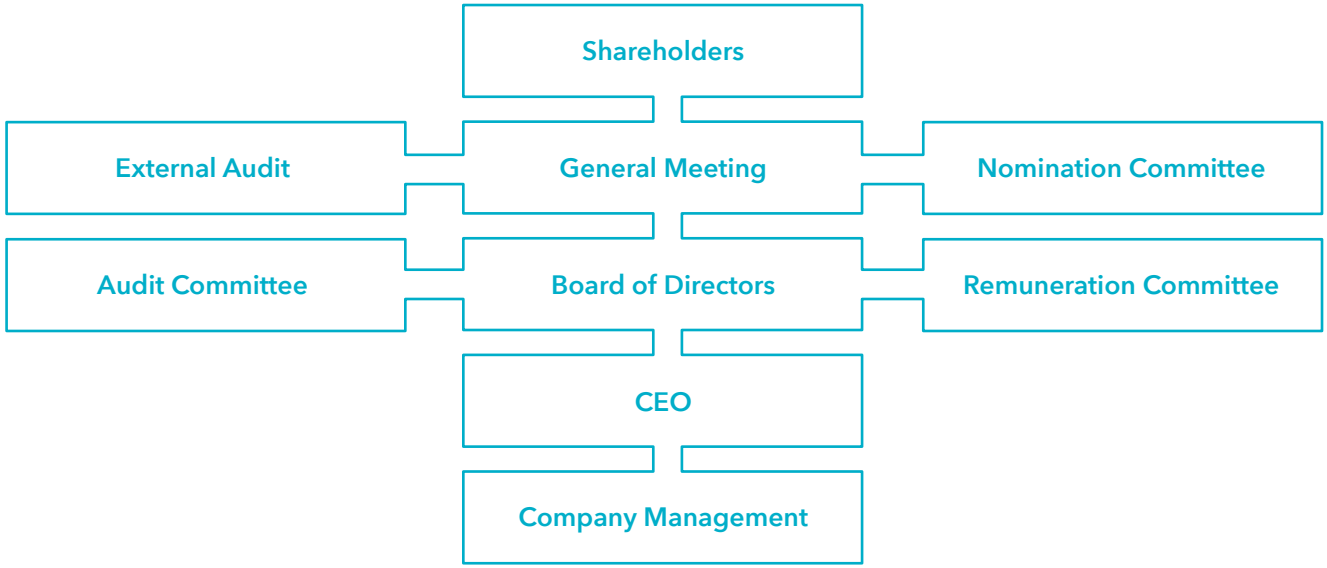
Oasmia is a public limited liability company listed on Nasdaq Stockholm and the Frankfurt Stock Exchange. Governance at Oasmia is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and other relevant laws, rules and regulations in Sweden and abroad.

Corporate governance at Oasmia is also regulated through policies in the internal regulations. The internal guidelines encompass the company's Articles of Association and the steering documents established by the company (primarily the Board's formal work plan as well as internal instructions, policies and guidelines).

This report has been drawn up in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the "Code") and comprises Oasmia's corporate governance report for the shortened fiscal year of May 1 to December 31, 2020. The corporate governance report has been reviewed by Oasmia's auditor and the findings presented in the statement on pages 82–84 of this Annual Report.

Swedish Corporate Governance Code

Oasmia complies with the Code given that the company's shares are admitted to trading on Nasdaq Stockholm and, accordingly, the company must follow good securities market practices. The Code is available at www.bolagsstyrning.se. The Code is based on the principle of "comply or explain", which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for so doing. Oasmia has not deviated from the Code in the 2020 fiscal year.



On October 14, 2020, Oasmia was notified of a decision by the Disciplinary Committee of Nasdaq Stockholm to order Oasmia to pay a fine of 15 annual fees, corresponding to a total amount of approximately MSEK 3.1, due to the former Board of Oasmia, in connection with the Extraordinary General Meeting in the company in March 2019, in several respects violating good stock market practices. Refer also to page 34 of the Administration Report.

The share and shareholders

Oasmia's share has been listed on NASDAQ Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. On December 31, 2020, the total number of shares in Oasmia amounted to 448,369,546 and each share carries one vote at the general meeting of shareholders. As of December 31, 2020, the number of known shareholders amounted to 22,303. With 24.8% of the share capital and votes, the holding of Per Arwidsson (privately, through related parties and companies) represents at least 10% of all votes in Oasmia. The ten largest shareholders owned 40.5% of the total number of shares. For additional information on the ownership structure, see "The Share" section on page 30.

General meeting of shareholders

The general meeting of shareholders is the highest decision-making body in a limited company. The shareholders can exercise their right to vote at the general meetings. Each Oasmia shareholder, who is entitled to vote, can vote for the

full number of shares owned and represented. The General Meeting approves the income statement and balance sheet, the appropriation of the company's earnings, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining to proposals from the Board and shareholders. In addition to that stipulated by law regarding the right to attend general meetings, Oasmia's Articles of Association require prior notification to the general meeting within the time limit specified in the notice and, where applicable, notice by shareholders of any assistants they intend to bring.

The Annual General Meeting is to be held within six months of the close of the fiscal year. Notice of the Annual General Meeting is published in Post- och Inrikes Tidningar and by a notice made available on the company's website. Announcement of the notice is to be advertised in Dagens Nyheter. The general meeting can be held in the municipality of Uppsala or in Stockholm.

2020 Extraordinary General Meeting

The Extraordinary General Meeting was held on May 14, 2020 at Oasmia's premises in Uppsala. The resolutions adopted included the following:

- The Board until the 2020 Annual General Meeting should consist of five Board members.
- Former Board member Anders Härfstrand was elected the new Chairman of the Board and Birgit Stattin Norinder a new member of the Board. Jörgen Olsson, former Chairman of the Board, and Gunilla Öhman, former Board member, stepped down from the Board.
- An increase in Board fees to SEK 250,000 for Board members and SEK 500,000 for the Chairman of the Board as well as SEK 50,000 of the Chairman of a committee and SEK 25,000 for members of a committee.
- To approve the Board's decision to issue employee stock options to CEO François Martelet. The Board has in connection with the employment agreement negotiations for new CEO François Martelet offered 896,739 employee stock options, subject to continued employment for a period of three years, which can be exercised between February 13, 2023 and February 13, 2024, and with an agreed upon strike price of SEK 7.36 per share (corresponding to approximately 150% of the prevailing share price when the employment was agreed and published). The stock options are issued free of charge, and thus in addition to fixed base salary, short-term variable incentives and other usual employee benefits, with the purpose of creating a long-term incentive for the CEO in line with the interests of the shareholders. The costs incurred by the company are accounted for on an ongoing basis in accordance with IFRS 2, whereby the fair value of the options on adoption by the AGM in May is allocated as a cost over the vesting period. In the event the vesting terms pertaining to continued employment are not met, no IFRS 2 cost is recognized and any previously recognized cost is reversed. In addition, the cost of social security contributions is recognized over the vesting period based on the fair value of the options at the respective closing dates and finally at any benefit value used to calculate social security contributions.

2020 Annual General Meeting

The 2020 Annual General Meeting was held on September 9, 2020 at Oasmia's premises in Uppsala. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet, and the consolidated income statement and the consolidated balance sheet for the 2019/2020 fiscal year.
- Discharge from liability for the Board and CEO for the 2019/2020 fiscal year.
- No distribution of any dividend and disposable earnings to be carried forward.
- The Board of Directors is to comprise four Board members with no deputies.
- Board fees are payable as follows:
  i. SEK 500,000 to the Chairman of the Board and SEK 250,000 to each of the other AGM-elected Board members who are not employed in the company; and
  ii. SEK 50,000 to the Chairman of the Audit Committee and SEK 25,000 to each of the other committee members, and SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other committee members.
- Re-election of Board members Hege Hellström, Birgit Stattin Norinder and Peter Zonabend, and re-election of Anders Härfstrand as Chairman of the Board. Former Board member Sven Rohmann stepped down from the Board.
- Re-election of KPMG AB as auditor with Authorized Public Accountant Duane Swanson as auditor in charge.
- Principles for appointment of a Nomination Committee ahead of the 2021 AGM and the instruction for the Nomination Committee.
- Guidelines for remuneration to senior executives.
- Amendment of the provisions of the Articles of Association with regard to the company's fiscal year (from a split fiscal year to the calendar year), introduction of provisions in the Articles of Association pertaining to the collection of powers of attorney, postal voting and the presence of third parties at general meetings, and certain amendments to the Articles of Association pursuant to changes in company law.
- Authorization of the Board to, on one or several occasions during the period up until the next AGM, decide on issues of shares, warrants and/or convertible instruments with or without deviation from the shareholders' pre-emption rights. A maximum of 89,673,909 shares, which corresponds to 20% of the total shares outstanding in the company at the date of the AGM, may be issued under the authorization (including any new shares added, following the exercise or

conversion of warrants and convertible bonds issued under the authorization).
- Adoption of an incentive program for senior executives. The program is limited to a maximum of 400,000 options that can be exercised, subject to vesting terms over a period of 36 months, from allotment of the employee stock options until 12 months thereafter. Each employee stock option entitles the holder to acquire one share in Oasmia at a price corresponding to 150% of the volume-weighted average price for the company's share on Nasdaq Stockholm over the two-week period prior to allotment. Rights to be allotted employee stock options will accrue to senior executives recruited in 2020. The options are issued free of charge.

2021 Annual General Meeting
The 2021 Annual General Meeting will be held on May 27, 2021.

Nomination Committee

The main task of the Nomination Committee is to draw up and make proposals for the election of Board members and the Chairman of the Board and to determine their fees. The Nomination Committee also presents proposals to the Annual General Meeting for the election of a chairman for the Meeting, the election of auditors, any remuneration for committee work and remuneration for the external auditor. The Nomination Committee's proposals are made public no later than in conjunction with the notice of the AGM.

The 2020 AGM resolved that the Nomination Committee ahead of the 2021 AGM would comprise three members, who were to be appointed as follows:

Not later than six months prior to the 2021 AGM, the Chairman of the Board is to contact the company's two largest shareholders in terms of voting rights, who should each then appoint a representative. Said representatives, together with the Chairman of the Board, thus constitute the Nomination Committee.

Should any of the two largest shareholders refrain from appointing a representative, the Chairman of the Board is to ask the next largest shareholder to appoint a representative. The ownership analysis is based on Euroclear Sweden AB's list of registered shareholders on September 30 and on any other circumstances know to the Chairman of the Board. The majority of the Nomination Committee's members should not be members of the Board. Neither the CEO nor any other member of the company management is permitted to be a member of the Nomination Committee.

The Nomination Committee ahead of the 2021 AGM comprises the following members:
- Per Arwidsson (Chairman of the Nomination Committee), appointed by Arwidsro Investment AB,
- Håkan Lagerberg, appointed by Mastan AB, and
- Anders Härfstrand, Chairman of Oasmia.

The Nomination Committee's full proposal for the 2021 AGM will be presented in the AGM notice.

Auditor

According to the Articles of Association, the company shall have one or two external auditors with not more than two deputies, or one or two accounting firms. The 2020 AGM re-elected the auditing firm KPMG AB as the company's auditor for the period until the close of the next AGM. Authorized Public Accountant Duane Swanson was appointed as auditor in charge for KPMG AB.

Board of Directors

Oasmia's Articles of Association stipulate that its Board of Directors consist of at least three and at the most eight members with not more than three deputy members. The AGM on September 9, 2020 resolved that Oasmia's Board comprise four members and no deputies. In accordance with the proposal of the Nomination Committee, the AGM resolved to re-elect Anders Härfstrand (as Chairman of the Board), and Birgit Stattin Norinder, Hege Hellström, and Peter Zonabend as Board members.

The company's Articles of Association lack separate provisions regarding the appointment and dismissal of Board members, and amendments to the Articles of Association. Board assignments are for a fixed term in accordance with the Companies Act, which means that the mandate will last until the end of the first AGM held after the year the Board members were appointed. All Board members are independent of the company and its management in accordance with the definition under the Code. Three of the Board members are also independent in relation to major shareholders.

Board duties and procedures

The Board has the overall task of managing the company's affairs on behalf of the shareholders. The Board has responsibility for ensuring that the company's organization is appropriate and that the operations are conducted in accordance with the Articles of Association, the Companies Act and other applicable laws and regulations as well as the Board's formal work plan. The Board continually assesses the Group's financial situation and the operational management. The Board is also, inter alia, responsible for ensuring that the company's internal control of financial conditions is satisfactory and that the information regarding financial and overall performance is communicated accurately in the company's financial reports.

In accordance with the Companies Act, Oasmia's Board of Directors has adopted written rules of procedure for its work and instructions, both for the allocation of duties between the Board and the CEO, and for the financial reporting to the Board. This formal work plan governs, inter alia, how the work should be distributed between the Board members and the frequency of Board meetings (at least five times a year in addition to the statutory Board meeting). The rules of procedure and instructions are established each year.

Chairman of the Board

The Chairman follows, by regular contact with the CEO, the company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfill their duties. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures, inter alia, that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results. The AGM re-elected Anders Härfstrand as Chairman of the Board on September 9, 2020.

Committees

The Board has appointed an Audit Committee and a Remuneration Committee. The committees' members are appointed for a period of one year at the statutory Board meeting and the committees' work is regulated by the annually adopted committee instructions.

The committees are both preparatory and administrative bodies.

Audit Committee

The Audit Committee consisted of Peter Zonabend (Committee Chairman), Hege Hellström and Anders Härfstrand. Without otherwise affecting the responsibility of the Board, the Audit Committee is tasked with, inter alia, monitoring the company's financial reporting, monitoring the efficiency of the company's internal controls and risk management, keeping itself informed about the audit of the annual report and the consolidated accounts, reviewing and monitoring the statutory auditor's impartiality and autonomy, particularly if the statutory auditor provides other services for the company than auditing, and assisting with preparation of the procurement of auditing services and in conjunction with resolution by the general meeting regarding the choice of auditors.

Remuneration Committee

The Remuneration Committee comprises Birgit Stattin Norinder (Committee Chairman) and Anders Härfstrand. The Committee prepares the Board's decisions on matters pertaining to remuneration principles, remuneration and other terms of employment for the company management. Additionally, the Committee is tasked with monitoring and evaluating variable remuneration programs for the company's management, both ongoing and concluded during the year, and following and evaluating how the guidelines for remuneration of senior executives, as decided by the general meeting, are applied as well as the current remuneration structures and levels in the company.

Evaluation of the Board and CEO

The Board annually evaluates its work regarding its procedures and work climate, the focus of the Board's work, and access to and the need for special competence on the Board. The objective of the evaluation is to develop the Board's procedures and efficiency. The aim is also to gain an insight into what type of issues that the Board believe should be given more attention, and in which areas there may be a requirement for additional experience and competence on the Board. The results of the evaluation are reported to the Nomination Committee and form the basis of the Committee's work on evaluating the composition of the Board and its remuneration.

The 2020 evaluation has been carried out with each Board member giving responses to a digital questionnaire. In addition, the Chairman of the Board has taken individual contact with Board members regarding the Board's work during the year. The results of the evaluation have been reported within the Board and have been submitted to the Nomination Committee by the Chairman.

The Board evaluates the work of the CEO by monitoring the development of operations in terms of the set goals. A formal evaluation is conducted once each year.

Attendance, 2020 fiscal year

For the period May 1, 2020 until December 31, 2020.

	Independent[1]	Board meetings	Audit Committee	Remuneration Committee
Anders Härfstrand	Yes/Yes	11/11	2/2	2/2
Hege Hellström	Yes/Yes	11/11	3/3	–
Birgit Stattin Norinder[2]	Yes/Yes	9/9	–	2/2
Peter Zonabend	Yes/No	11/11	3/3	–
Jörgen Olsson[3]	Yes/Yes	2/2	–	–
Gunilla Öhman[3]	Yes/Yes	2/2	–	–
Sven Rohmann[4]	No/Yes	6/7	–	–

[1] Independent of the company and its management and independent of major shareholders.

[2] Birgit Stattin Norinder was elected to the Board by the Extraordinary General Meeting on May 14, 2020.

[3] Jörgen Olsson and Gunilla Öhman stepped down in conjunction with the Extraordinary General Meeting on May 14, 2020.

[4] Sven Rohmann stepped down in conjunction with the AGM on September 9, 2020.

The Board's work during the fiscal year

During the 2020 fiscal year, the Board held 11 minuted meetings. At these meetings, the Board mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, followed up liquidity forecasts and updates regarding ongoing regulatory processes.

The Audit Committee held three meetings in the 2020 fiscal year. During the year, the Audit Committee has, inter alia, followed up audit reports from the auditors, evaluated the auditors' contribution and presented its findings to the Nomination Committee. The Audit Committee has also followed up the internal control of financial reporting.

The Remuneration Committee held two meetings in the 2020 fiscal year. Issues addressed at the meetings included the company's guidelines for remuneration of senior executives and remuneration levels to the CEO and other senior executives.

CEO and management

The CEO is appointed by the Board and is responsible for the company's daily operations in accordance with the Board's instructions and regulations. The allocation of responsibilities between the CEO and the Board is set out in the Board's formal work plan and in the CEO instruction prepared by the Board. In addition to François R. Martelet (CEO), the management group comprises Fredrik Järrsten (CFO), Elin Trampe (CTO), Heidi B. Ramstad (CMO), Reinhard Koenig (CSO) and Peter Selin (CBO).

Internal control over financial reporting

Oasmia's process for internal control is designed to manage and minimize the risk of errors in financial reporting as well as to ensure compliance with the applicable accounting requirements and other requirements that apply to Oasmia as a listed company.

The Board annually evaluates the need for an internal audit function and has determined that the company's current size and risk exposure do not justify a separate internal audit function. The following description explains how internal controls are organized. The description is limited to internal controls over financial reporting.

Control environment

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

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

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

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

Risk assessment

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

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

Control activities

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

Information and communication

To ensure that external information is accurate, complete and submitted in a timely manner, Oasmia has in place, inter alia, a communication policy adopted by the Board of Directors. Moreover, internal instructions cover the communication of financial information between the Board, management and other employees.

Follow-up

Internal rules for internal control and risk management are updated at least annually and more frequently if necessary. Compliance with these rules is scrutinized on an ongoing basis. The Audit Committee meets prior to the Board meetings that address interim reports. The auditor participates in the Audit Committee's meetings, and meets with the Board members once each year without the presence of management.

Board

1. Anders Härfstrand

Independent Non-Executive Chairman of the Board since May 2020, and Board member since September 2019.

Born: 1956

Education: MD and Ph.D. from Karolinska Institutet in Stockholm, Sweden.

Previous experience: Director of Karolinska Development AB from 2017 to 2019, and CEO of BBB Therapeutics BV from 2014 to 2015. Prior to that, he was President and CEO Europe of Makhteshim Agan Industries Ltd. (now ADAMA); President and CEO of Humabs BioMed SA; and Chief Executive Officer of Nitec Pharma AG (now Horizon Pharmaceuticals). He has also served in various executive roles at Serono, Pfizer and Pharmacia. He has a significant operational global experience of the pharmaceutical industry especially from the US, Japan and Europe.

Other assignments: Chairman of Härfstrand Consulting AG and Board member of Prothena Inc.

Shareholding*: 30,000 shares

Independent in relation to Oasmia, the company management and to major shareholders of the company.

2. Birgit Stattin Norinder

Board member since May 2020.

Born: 1948

Education: M.Sc. in Pharmacy from Uppsala University.

Previous experience: Extensive experience from international pharmaceutical and biotechnology companies in Sweden, the US and UK. Amongst many positions she has served as CEO and Chairman of Profilix Ltd., Senior VP Worldwide Product Development at Pharmacia & Upjohn and as Director of the International Regulatory Affairs Division at Glaxo Group Research Ltd. Norinder has also held several Board and Chairman positions at European biotechnology companies.

Other assignments: Member of the Board of AddLife AB, Hansa Biopharma AB and Jettesta AB.

Shareholding*: –

Independent in relation to Oasmia, the company management and to major shareholders of the company.

3. Hege Hellström

Board member since September 2019.

Born: 1965

Education: B.Sc., Medical Laboratory Scientist, 1985, Oslo Metropolitan University, Norway.

Previous experience: Hege Hellström worked at the biotechnology company Sobi from 2013 until 2018 and was President at EMENAR (Europe, Middle East, North Africa and Russia). Prior to that, she was globally responsible for the Cardiovascular business area within Sanofi, VP Renal Europe; Head of Regional Liaisons at Sanofi and VP Renal and Endocrine Europe, and General Manager Benelux at Genzyme. Before Genzyme, she worked at Baxter for 13 years.

Other assignments: Founder and manager of Belnor BVBA, a consultancy and investment company. She is also a board member of Camurus AB (CAMX.ST) and Advicenne (Euronext: ADVIC), a French pharmaceutical company.

Shareholding*: –

Independent in relation to Oasmia, the company management and to major shareholders of the company.

4. Peter Zonabend

Board member since March 2019.

Born: 1980

Education: LL.M from Stockholm University, EMLE from Université Paul Cézanne Aix-Marseille III, France. Business and Economics from Stockholm University and Diploma in the Economic Analysis of Law from Université Paul Cézanne Aix-Marseille III, France.

Previous experience: CEO of Victoria Investments Holding Ltd., 2010–2017, the Fylgia law firm and Björn Rosengren law firm.

Other assignments: CEO Arwidsro, Board assignment at Arwidsro.

Shareholding*: 500,000 shares

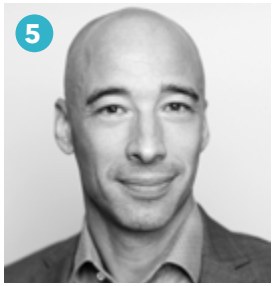
Independent in relation to Oasmia and company management, not independent of major shareholders in the company.

Auditor in charge

Duane Swanson
Authorized Public Accountant
KPMG AB

* As of December 31, 2020

Group management



1. Francois Martelet
Chief Executive Officer

Born: 1960
Employed since: 2020

Education: Advanced General Management Program (AMP), INSEAD, Fontainebleau, France. Master's Degree in Business, Pharmaceutical Marketing, Burgundy Business School, Dijon, France. Degree in Legal Medicine, R. Descartes University of Medicine, Paris, France. Doctorate in Medicine with distinction, Dijon University of Medicine, France.

Background: François Martelet is an experienced pharma executive with a proven track record of shaping companies and turning around underperforming units. He has held three CEO positions in the last 12 years. He has spent most of his career in the oncology field, as CEO of Avax and Topotarget, as well as in executive roles at senior level at Roche, Eli Lilly, Novartis and MSD.

Other assignments: Independent Director and board member of Novigenix SA.

Shareholding*: 20,000 shares
Warrants*: 896,739 warrants

2. Elin Trampe
Chief Technical Officer

Born: 1980
Employed since: 2018

Education: MSc in Industrial Engineering and Management from University of Linköping

Background: Elin Trampe has many years' experience from leading positions within Supply Chain, Project Management and Category Development in large international companies. Most recently, she was at General Electric Global Operations, working toward the Healthcare business unit.

Shareholding*: –
Warrants*: –

3. Fredrik Järrsten
Chief Financial Officer

Born: 1967
Employed since: 2021

Education: Degree in Accounting and Finance from the Stockholm School of Economics and Degree in International Business from the School of Business Administration, University of Michigan.

Background: Fredrik Järrsten has more than 25 years of experience in the finance, medicine and life-science sectors of the Nordic countries and internationally. Previous positions include CFO and deputy CEO at Karolinska Development, as well as CFO and Business Development Manager at Bactiguard. He has also served as a Director of Business Development, including M&A, at the Nordic healthcare provider, Aleris, for more than eight years, where he contributed significantly to the growth of Aleris through some 30 acquisitions. Järrsten has also worked as an Investment Manager with the venture capital firm, Litorina Kapital, and at the investment banks, SEB Enskilda and Lazard, with advice in areas such as M&A, capital funding and IPOs.

Shareholding*: 36,500
Warrants*: –

4. Heidi B. Ramstad
Chief Medical Officer

Born: 1969
Employed since: 2021

Education: Pediatrician, Ph.D. in Medicine from the Norwegian University of Science and Technology (NTNU), Trondheim.

Background: Heidi B. Ramstad has more than 20 years' experience as a physician and manager within big pharma, med-tech and start-ups. Her most recent positions include Chief Medical Officer at Nisonic AS and AlgiPharma AS. In addition, she has worked with several major pharmaceutical companies, such as Roche and GSK, serving as Country Medical Director for Norway, and at Pfizer as the Nordic Medical Director for Specialty Care.

Shareholding*: –
Warrants*: –

5. Peter Selin
Chief Business Officer

Born: 1973
Employed since: 2020

Education: BSc in Business Administration and Management, Uppsala University.

Background: Peter Selin has 20 years' experience within the pharmaceutical and biotech industries, and in-depth expertise in business development at an international level. He has a solid track record of product acquisitions and licensing. He has also worked successfully with alliance management with leading global pharmaceutical companies. Prior to Oasmia, Selin held several executive positions at Inceptua and Sobi.

Shareholding*: –
Warrants*: 75,000

6. Reinhard Koenig
Chief Scientific Officer

Born: 1960
Employed since: Consultant

Education: Medical Doctor, Philipps University Marburg, Germany. Doctorate in Medicine, Philipps University Marburg, Germany.

Background: Reinhard Koenig has more than 25 years of pharma and biotechnology experience. He has extensive experience of leading positions within global pharmaceutical companies. Previous companies include Genentech, Boehringer Mannheim and Piramal Critical Care.

Shareholding*: –
Warrants*: –

* As of December 31, 2020

Consolidated accounts

Consolidated income statement

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Net sales	4	482	201,843
Other operating income	6,13	2,489	427
Change in inventories of products in progress and finished goods	7	21,672	20,904
Capitalized development costs	5	–	4,356
Raw materials and consumables	7	-4,062	-11,258
Other external expenses	8,9,13	-77,627	-162,539
Employee benefit expenses	10	-45,519	-63,787
Depreciation, amortization and impairment	5,9,11,12	-28,930	-20,032
Operating income/loss		**-131,493**	**-30,086**
Financial income		4,138	1,169
Financial expenses		-12,915	-14,439
Financial income and expenses – net	13,14	**-8,777**	**-13,270**
Income before taxes		**-140,270**	**-43,356**
Income taxes	15	–	32,822
Income for the year		**-140,270**	**-10,533**
Income for the year attributable to:			
Parent Company shareholders		-140,270	-10,533
Non-controlling interests		0	0
Earnings per share before and after dilution, SEK	16	-0.31	-0.03

[1] Shortened fiscal year; refer to Note 1.

Consolidated statement of comprehensive income

TSEK	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Income for the year	**-140,270**	**-10,533**
Other comprehensive income		
Items that may subsequently be transferred to the income statement:		
Translation differences	468	-559
Total other comprehensive income	**468**	**-559**
Comprehensive income for the year	**-139,802**	**-11,092**
Comprehensive income for the year attributable to:		
Parent Company shareholders	-139,802	-11,092
Non-controlling interests	0	0

[1] Shortened fiscal year; refer to Note 1.

Consolidated statement of financial position

TSEK	Note	Dec 31, 2020	Apr 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	11	17,630	28,014
Capitalized development costs	5	420,334	433,357
Other intangible assets	12	9,197	9,759
Financial non-current assets	17	302	2,002
Total non-current assets		**447,462**	**473,132**
Current assets			
Inventories	7	51,496	28,837
Accounts receivable	17	1,489	59
Other current receivables	17,19	43,063	43,848
Prepaid expenses and accrued income	17,18	32,628	24,372
Short-term investments	17	247,277	234,080
Cash and cash equivalents	17	40,128	201,018
Total current assets		**416,079**	**532,215**
TOTAL ASSETS		**863,542**	**1,005,347**

TSEK	Note	Dec 31, 2020	Apr 30, 2020
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	20	44,837	44,837
Other capital provided		1,904,760	1,904,150
Reserves		-743	-1,211
Retained earnings, including income for the year		-1,268,657	-1,128,386
Equity attributable to Parent Company shareholders		**680,197**	**819,389**
Equity attributable to non-controlling interests		0	0
Total equity		**680,197**	**819,389**
LIABILITIES			
Long-term liabilities			
Lease liabilities, long-term	9	6,545	8,845
Total long-term liabilities		**6,545**	**8,845**
Current liabilities			
Other borrowings	17	80,000	80,000
Accounts payable	17	10,678	22,524
Lease liabilities, short-term	9	4,204	5,320
Other current liabilities	17,21	4,660	3,488
Accrued expenses and deferred income	17,22	77,259	65,780
Total current liabilities		**176,800**	**177,112**
Total liabilities		**183,345**	**185,957**
TOTAL EQUITY AND LIABILITIES		**863,542**	**1,005,347**

Consolidated statement of changes in equity

		Attributable to Parent Company shareholders						
TSEK	Note	Share capital	Other capital provided	Reserves[1]	Retained earnings	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**
Income for the year		-	-	-	-10,533	-10,533	0	-10,533
Other comprehensive income		-	-	-559	-	-559	0	-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	20	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**
Income for the year		-	-	-	-140,270	-140,270	0	-140,270
Other comprehensive income		-	-	468	-	468	0	468
Comprehensive income for the year		**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**

[1] Translation differences

Consolidated statement of cash flows

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Operating activities			
Operating loss		-131,493	-30,086
Adjustments for non-cash items	24	29,413	26,509
Interest received	14	3	19
Interest paid	14	-680	-4,373
Cash flow from operating activities before changes in working capital		**-102,758**	**-7,931**
Changes in working capital			
Change in inventories	7	-22,658	-26,821
Change in accounts receivable	17	-1,430	-23
Change in other current receivables	17,18,19	-6,563	-12,891
Change in accounts payable	17	-11,846	4,732
Change in other current liabilities	17,21,22,24	8,680	36,068
Cash flow from operating activities		**-136,575**	**-6,866**
Investing activities			
Investments in intangible assets	5,12	-	-4,458
Investments in property, plant and equipment	11	-4,366	-8,415
Investments in financial assets	17	-	-40,251
Short-term investments	17	-100,000	-280,000
Divestment of short-term investments	17	90,000	45,000
Cash flow from investing activities		**-14,366**	**-288,124**

[1] Shortened fiscal year; refer to Note 1.

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Financing activities			
Repaid convertible debt instruments	17,24	-	-62,000
Amortization of lease liability	9,24	-4,010	-5,141
Advances in connection with new share issue		-	45,000
New share issues	20	-	428,551
Issue expenses		-	-26,688
Cash flow from financing activities		**-4,010**	**379,722**
Cash flow for the year		**-154,952**	**84,731**
Translation differences		**-5,938**	**15**
Cash and cash equivalents at beginning of the year		**201,018**	**116,272**
Cash and cash equivalents at end of the year	17	**40,128**	**201,018**

[1] Shortened fiscal year; refer to Note 1.

Parent Company financial statements

Parent Company income statement

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Net sales	4	482	201,843
Change in inventories of products in progress and finished goods	7	21,672	20,904
Capitalized development costs	5	-	4,356
Other operating income	6,13	2,489	427
Raw materials and consumables	7	-4,062	-11,258
Other external expenses	8,9,13	-85,381	-167,052
Employee benefit expenses	10	-45,519	-58,667
Depreciation, amortization and impairment of PPE and intangible assets	5,11,12	-21,163	-14,528
Operating income/loss		**-131,482**	**-23,975**
Result from participations in Group companies	25	-738	-14,519
Other interest income and similar income	13,14	4,555	1,863
Impairment of financial non-current assets	14,17	-1,700	-
Interest expenses and similar expenses	13,14	-10,584	-13,436
Financial income and expenses – net		**-8,467**	**-26,092**
Income before taxes		**-139,949**	**-50,067**
Income taxes	15	-	-
Income for the year		**-139,949**	**-50,067**

[1] Shortened fiscal year; refer to Note 1.

Parent Company statement of comprehensive income

TSEK	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Income for the year	-139,949	-50,067
Comprehensive income for the year	**-139,949**	**-50,067**

[1] Shortened fiscal year; refer to Note 1.

Parent Company balance sheet

TSEK	Note	Dec 31, 2020	Apr 30, 2020
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development costs	5	420,334	433,357
Concessions, patents, licenses, trademarks and similar rights	12	9,197	9,759
Property, plant and equipment			
Equipment, tools and fixtures and fittings	11	9,310	10,722
Construction in progress and advance payments for PPE	11	654	2,455
Financial non-current assets			
Participations in Group companies	26	60	60
Other securities held as non-current assets	17	301	2,001
Total non-current assets		**439,856**	**458,354**
Current assets			
Inventories			
Raw materials and consumables	7	7,414	6,427
Products in progress	7	10,811	7,890
Finished goods	7	33,271	14,520
		51,496	**28,837**
Current receivables			
Accounts receivable	17	1,489	59
Other current receivables	17, 19	43,061	43,847
Prepaid expenses and accrued income	17, 18	33,969	25,399
		78,519	**69,305**
Short-term investments	17	247,277	234,080
Cash and bank balances	17	39,957	200,819
Total current assets		**417,249**	**533,041**
TOTAL ASSETS		**857,105**	**991,395**

TSEK	Note	Dec 31, 2020	Apr 30, 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	44,837	44,837
Statutory reserve		4,620	4,620
Reserve for development costs		27,096	28,231
		76,553	**77,688**
Non-restricted equity			
Share premium reserve		1,905,073	1,904,463
Retained earnings		-1,156,888	-1,107,956
Income for the year		-139,949	-50,067
		608,236	746,440
Total equity		**684,789**	**824,128**
Current liabilities			
Other borrowings	17	80,000	80,000
Accounts payable	17	9,093	20,741
Liabilities to Group companies	25	2,784	2,784
Other current liabilities	17,21	3,177	2,005
Accrued expenses and deferred income	17,22	77,262	61,736
Total current liabilities		**172,316**	**167,267**
TOTAL EQUITY AND LIABILITIES		**857,105**	**991,395**

Parent Company statement of changes in equity

		Restricted equity			Non-restricted equity		
TSEK	Note	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve	Retained earnings	Total equity
Opening balance, May 1, 2019		**22,490**	**4,620**	**24,199**	**1,479,826**	**-1,103,924**	**427,211**
Income 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	20	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**
Income for the year		-	-	-	-	-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**

Parent Company cash flow statement

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Operating activities			
Operating loss		-131,482	-23,975
Adjustments for non-cash items	24	21,758	20,955
Interest received	14	3	18
Interest paid	14	-354	-4,373
Cash flow from operating activities before changes in working capital		**-110,075**	**-7,375**
Changes in working capital			
Change in inventories	7	-22,658	-26,821
Change in accounts receivable	17	-1,430	-23
Change in other current receivables	17,18,19	-6,878	-18,218
Change in accounts payable	17	-11,648	5,993
Change in other current liabilities	17,21,22,24	12,133	35,108
Cash flow from operating activities		**-140,557**	**-11,336**
Investing activities			
Capital contribution provided	25,26	-	-50
Investments in intangible assets	5,12	-	-4,458
Investments in property, plant and equipment	11	-4,366	-8,059
Investments in financial assets	17	-	-40,251
Short-term investments	17	-100,000	-280,000
Divestment of short-term investments	17	90,000	45,000
Cash flow from investing activities		**-14,366**	**-287,818**

[1] Shortened fiscal year; refer to Note 1.

TSEK	Note	May 1, 2020 – Dec 31, 2020[1]	May 1, 2019 – Apr 30, 2020
Financing activities			
Repayment of convertible debt instruments	17	-	-62,000
Advances in connection with new share issue		-	45,000
New share issues	20	-	428,551
Issue expenses		-	-26,688
Cash flow from financing activities		**0**	**384,863**
Cash flow for the year		**-154,923**	**85,709**
Effects of exchange rate changes on cash and cash equivalents		**-5,938**	**-**
Cash and cash equivalents at beginning of the year		**200,819**	**115,112**
Cash and cash equivalents at end of the year	17	**39,957**	**200,819**

[1] Shortened fiscal year; refer to Note 1.

Notes

Note 1 General information

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

The company's shares are listed on NASDAQ Stockholm and on the Frankfurt Stock Exchange. The Group's operations are described in the Administration Report on pages 32–42. The Annual Report for Oasmia Pharmaceutical AB for the fiscal year ending December 31, 2020 was approved for publication by the Board on April 30, 2021. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on May 27, 2021 for adoption.

Shortened fiscal year

The Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, which entailed shortening the 2020 fiscal year to the eight-month period from May 1 to December 31, 2020. However, the comparative figures in this Annual Report are as presented in the 2019/2020 Annual Report. This means that balance-sheet-related comparative figures are presented as at April 30, 2020 and income- and cash-flow-related figures are presented for the 12-month period from May 1, 2019 to April 30, 2020. The above applies for comparative figures when presented in tables and when given in parentheses in the running text.

When expressions such as "during the year" or "in 2020," etc., are used in these financial reports, unless otherwise stated, they pertain to the 2020 fiscal year, that is the period from May 1 – December 31, 2020.

Note 2 Accounting policies

The principal accounting policies applied in this Annual Report are set out below.

Basis of preparation

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

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

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

The Group's accounting policies

2.1 New accounting policies

Accounting policies applied in 2020 are the same as in the previous fiscal year. No new or amended IFRSs, including statements that have been adopted by the IASB, are deemed to have any material impact on the Group's accounts.

New or amended IFRS, including statements, which have so far been adopted by the IASB for application in 2021 or later, are not considered to have any significant effect on the Group's accounts.

2.2 Classification

Non-current assets comprise amounts that are expected to be recovered or paid more than 12 months after the closing day. Long-term liabilities comprise amounts due for payment more than 12 months after the closing day and other amounts for which the company has an unconditional right to defer settlement of the liability for at least 12 months after the closing day. Other assets and liabilities are recognized as current assets and current liabilities, respectively.

2.3 Subsidiaries

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

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

The acquisition method is applied to the recognition of acquisitions of subsidiaries. This means that acquired assets and liabilities are initially measured at fair value. If a deviation then arises against the acquisition cost, this is recognized as goodwill in the consolidated balance sheet when the deviation is positive and in the income statement if it is negative.

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

2.4 Translation of foreign currencies

The Parent Company uses SEK as its functional currency and reporting currency. Transactions in foreign currency are translated to the functional currency according to the exchange rates on the transaction date. Foreign exchange gains or losses arising from payments for such transactions and from translation of monetary assets and liabilities in foreign currency at the closing day rate of exchange are recognized in operations. Foreign exchange gains and losses arising from the translation of bank accounts in foreign currencies are recognized under Net financial items.

Individual subsidiaries have another functional currency than SEK. In the presentation of the consolidated accounts, the current rate method is used, whereby assets and liabilities are translated to the closing day rate of exchange while revenues and expenses are translated using the average exchange rate for the year. The translation differences that thus arise are recognized in other comprehensive income.

2.5 Segment reporting

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

2.6 Property, plant and equipment
Property, plant and equipment are recognized at cost, with deductions for depreciation and impairment. Cost includes the purchase price and costs directly attributable to the asset for bringing it to the location and condition necessary for its intended us. Property, plant and equipment also include right-of-use assets for lease assets, see section 2.16 below.

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

Depreciation is based on the original cost less the estimated residual value. Depreciation takes place straight-line over the estimated useful life of the assets as follows:

- Vehicles 3–5 years
- Equipment and production equipment 5–15 years
- Right-of-use assets 2–5 years
- Leasehold improvements 5–20 years

At each reporting date, an assessment is made as to whether there is any indication that an asset may have decreased in value. If there is such an indication, the recoverable amount is estimated and if it is lower than the carrying amount the asset is written down to the recoverable amount.

Gains or losses arising on divestment or disposal of an asset comprise the difference between the and sales price and the carrying amount of the asset less direct selling expenses. Gains and losses on divestment or disposal are recognized in Other operating income and Other operating expenses, respectively.

2.7 Intangible assets
2.7.1 Capitalized development costs
Expenditures for research are expensed immediately. Development costs which are attributable to production and tests of novel or improved products are capitalized to the extent that they are expected to generate future economic benefits. Oasmia capitalizes development costs consisting of the company's work on clinical trials in Phase III for the product candidate Paccal Vet® and for which all the preconditions for capitalization pursuant to IAS 38 have been met. Costs for Apealea®/Paclical were also capitalized up until March 2020 but in connection with the launch in the Nordic countries and the commercialization partnership agreement in large parts of the rest of the world, which was signed in March 2020 and is described elsewhere in this Annual Report, capitalization ended and amortization of the capitalized costs attributable to Apealea®/Paclical began. The portions of the capitalized development costs for Apealea®/Paclical that are attributable to the Russian market have been amortized since the 2018/2019 fiscal year.

It is the assessment of the company that it is technically possible to complete Paccal Vet® and make it available for sale. The products are based on a well-known and well-documented active ingredient, paclitaxel, and Oasmia's own excipient XR-17™. The oncology markets for pets are large and growing, which means that the company assesses that there are good possibilities that this product will be able to generate considerable economic benefits in the future.

Other development costs are recognized as an expense as and when they arise. Development costs previously recognized as an expense are not capitalized as an asset in subsequent periods. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company, and is begun at the earlier of when the product has obtained all necessary approvals for sales in a market or has otherwise stared to generate revenues for Oasmia.

2.7.2 Acquired research projects
The Group has acquired a research project that is still in a pre-clinical phase. This has been capitalized at cost minus any impairment.

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

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

2.8 Inventories
Inventories are recognized at the lowest of acquisition cost and net realizable value. The acquisition cost is established by using the first in, first out method (FIFO).

The cost for Raw materials and consumables consists of the purchase price invoiced by the supplier. The acquisition cost for Products in progress and for Finished goods consists of the costs for the constituent raw materials, with a mark-up for manufacturing costs and quality control costs.

The net realizable value is the estimated sales price in the operating activities, with deductions for applicable variable selling expenses.

2.9 Impairment of non-financial assets
The capitalized development costs and the capitalized research projects which are not yet current are not amortized, but are instead tested annually for impairment. Group management performs an estimation of the expected useful lives of the assets at each reporting date. If there are indications that an asset's value has diminished, the recoverable amount of the asset is determined. This amount is either the net realizable value of the asset, with deductions for selling expenses, or its value in use, whichever is the higher. The asset is amortized down to the recoverable amount via the income statement. In order to establish the impairment requirement, the assets are grouped into cash generating units, which is the smallest group of assets that enables positive cash flows that are essentially independent of the cash flow from other assets or groups of assets.

2.10 Financial instruments
Financial instruments are agreements that give rise to a financial asset or liability. Financial assets are cash, equity instruments in other companies and such agreements that give entitlement to cash or other financial assets. Financial liabilities are agreements that oblige the company to pay cash or other financial assets to another company. This means that there are several receivables and liabilities that are not financial instruments. For example receivables or liabilities that can be expected to be settled other than in cash or through other financial assets are not dealt with in accordance with the accounting policies that apply to financial instruments. The same applies to receivables or liabilities that are not based on agreements.

Financial instruments are recognized in the statement of financial position when Oasmia is one of the parties in the conditions of the agreement governing the instrument. Accounts receivable are recognized when they are issued. A financial asset is derecognized from the statement of financial position when the contractual rights expire, are realized or Oasmia loses control of the asset. A financial liability is derecognized from the statement of financial position when the obligation in the contract is met or extinguished in another manner.

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

- Fair value is the price that would be obtained if an asset were sold or paid to transfer a liability in an orderly transaction between knowledgeable and independent parties.
- Amortized cost is initially the fair value plus or minus transaction costs. Subsequent measurement is according to the effective interest method and includes any provisions for expected credit losses.

Measurement of financial instruments
On initial recognition, a financial asset is classified as subsequently measured at: amortized cost; fair value through other comprehensive income; or fair value through profit or loss.

Oasmia's financial assets are measured at amortized cost unless they have been identified as financial investments and shareholdings. Financial investments in fixed-income funds generate cash flows that are not payments of principal and interest payments, and are therefore measured at fair value through profit or loss. Financial liabilities are classified as measured at amortized cost. Financial assets are not reclassified after initial recognition except when the Group amends the purpose and the model for managing the financial assets. Oasmia does not hold any derivative instruments and does not apply hedge accounting.

- Financial assets and liabilities measured at fair value through profit or loss
  Changes in fair value are recognized in profit or loss.
  This category includes:
  - Short-term investments in fixed-income funds. The individual securities included in these funds have a remaining term of more than 3 months and may be exposed to more than insignificant fluctuations in value. Accordingly, they are recognized as Short-term investments and not as Cash and cash equivalents. The funds are traded in an active financial market and an official market price is published every trading day that comprises the fair value of the funds and at which they are valued.
  - Shareholding. This comprises a minor shareholding in a smaller limited company in which Oasmia has neither control nor significant influence

- Financial assets measured at amortized cost
  Financial assets measured at amortized cost encompass debt instruments that are managed with the aim of realizing the instruments' cash flows through receiving contractual cash flows comprised solely of payments of principal and interest on the principal outstanding.
  This category includes:
  - Cash and cash equivalents consist of bank balances in Swedish and foreign commercial banks. Where they are denominated in a currency other than SEK, they are translated at the closing day rate of exchange.
  - Accounts receivable, other current receivables and accrued income.

- Financial liabilities measured at amortized cost
  This category includes:
  - Borrowings.
  - Accounts payable, prepaid expenses and accrued expenses.

Impairment of financial assets
An assessment is made on initial recognition and on an ongoing basis of any expected credit losses pertaining to financial assets at amortized cost. The loss allowance is measured and recognized initially at 12-month expected credit losses (ECLs). On each reporting date an assessment is made as to whether the ECLs for a financial instrument have significantly increased since initial recognition and if this is the case then a loss allowance is recognized based on lifetime ECL. The loss allowance for accounts receivable, which do not contain significant financing components, is always measured at an amount corresponding to ECLs for the remaining lifetime of the receivable. Changes in loss allowances are recognized in profit or loss. The recognized gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering the financial asset in its entirety or in part.

Offsetting
Financial assets and financial liabilities are offset and the net amount recognized in the statement of financial position only where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

For further disclosures on Oasmia's financial instruments, see Note 17 Financial instruments and financial risks.

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

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

2.14 Employee benefits
2.14.1 Short-term employee benefits
Short-term employee benefits are calculated without discounting and are recognized as an expense when the services concerned are obtained.

2.14.2 Employee stock options
Oasmia classifies its share-related incentive programs as transactions regulated by equity instruments. The cost of the instruments' fair value on the allotment date is distributed over the vesting period by reporting the value of the estimated number of earned employee stock options as an employee benefit expense with a corresponding increase in equity. Each closing day, Oasmia revises the calculations of the number of expected earned instruments. When the original estimates are changed, Oasmia reports the change in the income statement. Equity is adjusted accordingly. In addition, employers' contributions are expected to be paid attributable to the share-based compensation programs. They are expensed in the income statement over the vesting period and are calculated on the fair value of the earned instruments at the closing day. When the options are exercised, the company issues new shares. When the options are exercised, payments received, after deduction of any directly attributable transaction costs, are recognized as an increase in equity.

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

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

2.15 Revenue recognition
Operating income is recognized when the control of the rights, goods and services and their benefits has been passed to the customers. Revenue is measured at the fair value of what was received or will be received, excluding amounts collected for third parties, discounts and value-added tax, and after eliminating intra-Group sales. Oasmia's rev-

enue comprises license rights, sold goods and services. More detailed disclosures about revenue recognition are provided in Note 4.

Oasmia's contracts with customers are analyzed in terms of performance obligation, that is what Oasmia has undertaken to carry out under the agreement, and in terms of the transaction price, that is what the customer undertakes to pay as well as the carrying out of the performance obligation.

Performance obligations
Oasmia undertakes the obligation to provide the customer with license rights in certain defined markets to market and sell Oasmia's products.

Oasmia also undertakes, based on contract combined with purchase orders from customers to deliver goods of a certain quality to a certain destination within a certain period of time.

If a contract contains more than one performance obligation, these are analyzed to determine if these obligations are distinct. Each distinct performance obligation is recognized as revenue separately. If a performance obligation of an agreement is not distinct, such an obligation is grouped together with other performance obligations that together comprise a single joint and distinct performance obligation.

Transaction price
The transaction price comprises the consideration that Oasmia receives for satisfying its performance obligations under each contract with a customer. The transaction price is allocated to each performance obligation based on the price and the performance commanded in a standalone transaction. This allocation includes a certain level of assessment for cases in which no past stand-alone transactions are available for comparison. Sales prices must be estimated when market prices for stand-alone performance obligations are not available. Three methods are used to estimate stand-alone sales prices for each distinct performance obligation:

i. Adjusted market assessment approach – estimated expected price in the intended market, estimate based on prices from competitors for similar goods/services plus adjustments for Oasmia's costs and margins.
ii. Expected cost plus a margin approach
iii. Residual approach – the amount remaining of the total contracted sales price after allocation to other performance obligations.

For customer contracts including both the obligation to provide license rights and other performance obligations, the transaction price is allocated to the licensing obligation based on the residual approach. This is because license rights are generally unique, which is why it is difficult to identify a separate market-based price.

When the performance obligation carried out and payment from the customer deviate from each other, an assessment is made as to whether the payment contains a significant financing component. If this is assessed to be the case, the value of the financing component is separated from the actual transaction price and recognized in the financial results, while the transaction price is recognized as operating income. The purpose of taking into account the financing component is to adjust the transaction price so that this represents the sales price for a cash sale on the date that the performance obligation is satisfied. An advance payment means that interest expense is recognized during the period that the advance payment (contract liability) exists. Payment received a significant time after satisfying the performance obligation entails that interest income is recognized. The contra item for the interest component is attributed to the transaction price which, according, is adjusted upward or downward in an amount corresponding to the interest expenses and interest income. This is because the total of the adjusted transaction price and interest are to correspond to the invoiced amount. The adjustment of the transaction price of the financing component is recognized as deferred income and recognized in profit or loss as income when the performance obligation is satisfied.

Certain contracts include variable remuneration that is dependent on future events occurring or not occurring. This primarily applies to sales of licenses for intellectual property (IP) for which the contractual terms may include sales-based royalties and milestones. Milestones may be based on approval of products in certain markets and achieving certain threshold levels of sales volumes. Sales of goods components in licensing agreements are usually measured at cost incurred plus market-based margins.

Satisfying the performance obligation
Revenue is recognized when Oasmia has satisfied its performance obligation. For sales of licenses, this means that control of the right has passed to the customer and Oasmia has completed delivery and does not have any further obligations regarding the license rights in question.

For licensing Oasmia's IP to customers, which comprises separate, distinct performance obligations, a distinction is made between two types of granting a license that affect whether revenue is to be recognized at a point in time or over time.

a) Right to access IP – the contract requires, or the customer can reasonably expect, that Oasmia will carry out activities that will significantly affect the rights to which the customer has access. These activities directly impact the customer and the activities do not entail that the goods/services are passed to the customer while the activities are carried out. The performance obligation and thus revenue are recognized over time, usually on a straight-line basis.
b) Right to use IP – the customer only has the right to use IP in its existing condition at the time that the customer is given the right. The performance obligation is initially satisfied, at a point in time.

For deliveries of goods, the performance obligation is satisfied when control of the goods has passed to the customer, which usually takes place when the customer receives the goods.

Variable consideration is not recognized as revenue until it is highly probable that Oasmia will collect such consideration and it is highly probable that a significant reversal of accumulated revenue will not need to be made when the uncertainty is resolved. For sales-based royalty revenue from licensing agreements comprising a distinct performance obligation, Oasmia applies that exemption rule entailing that royalties are recognized in revenue at the later of when the underlying sales take place and when the associated performance obligation is satisfied. Revenue is recognized at the royalty amount that Oasmia is entitled to collect at this point in time based on actual sales achieved. Milestone payments from licensing agreements that are paid on a sales basis are recognized in accordance with the exemption rule at the point in time when the milestone has been achieved. Other milestone payments that are based on receiving approval for sales in certain markets are recognized in accordance with the main rule, taking into account the risk of revenue reversal. Accordingly, such milestones are first recognized when approval has been received.

Cost of obtaining a contract
Oasmia has engaged an external advisor to identify suitable global partners. The advisor is entitled to received variable consideration based on the revenue accruing to Oasmia from the licensing agreement with the partner. The fees for the advisor comprise a specific cost for securing the customer contract. Oasmia recognizes the expenses for fees for the advisor at the point of time that Oasmia is entitled to receive payment for licensing revenues from the partner since it is not until this point in time that mutual rights and obligations exist for Oasmia and the advisor. Oasmia's expenses for fees for the advisor are expensed when Oasmia's performance obligation is satisfied.

2.16 Leases
Oasmia applies IFRS 16 Leases for the Group but not in the Parent Company.

This means that, at the start of a lease, Oasmia recognizes the right to use the leased assets in the statement of financial position and concurrently recognizes a lease liability. Exceptions are made for low-value leases and leases with a term of less than 12 months.

Leased assets (right-of-use assets) are initially recognized at cost, which comprises the present value of future lease payments, direct costs for signing the lease and lease payments made at or before the commencement date when the underlying assets became available for use. The right-of-use assets may also be revalued during the lease term depending on whether the lease liability is remeasured. Right-of-use assets are depreciated straight line to the earlier of the end of the useful life of the asset or the end of the lease term. Leased assets are tested for impairment.

Lease liabilities are initially valued at the present value of future lease payments. Each lease payment is recognized divided between repayment of the lease liability and interest expenses in profit or loss. The lease liability may be revalued during the lease term depending on whether certain circumstances, such as new lease terms and conditions, are introduced.

2.17 Financial income and expenses
Financial income and expenses comprise interest income on bank funds and receivables, interest expenses on liabilities and changes in fair value of financial investments. Interest income on receivables and interest expenses on liabilities are calculated by applying the effective interest method. The effective interest is the interest rate that exactly discounts the estimated future inward and outward payments over the expected term of the financial instruments to the recognized gross value of a financial assets or the accrued cost of a financial liabilities. Interest income and interest expenses include allocated amounts of the transaction costs and any discounts and premiums. Dividend revenue is recognized when the right to receive payment is judged to be safe. Earnings from sales of financial investments are recognized on the trade date.

Interest expenses are charged to earnings in the period to which they are attributable except to the extent that they are included in the cost of an asset. Am asset for which interest is included in costs is an asset that necessarily takes a significant amount of time to complete for its intended use or sale.

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

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

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

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

(a) Leases
IFRS 16 Leases is applied in the Group but, pursuant to RFR 2, the Parent Company has elected not to apply IFRS 16 Leases. Instead the Parent Company recognizes leases pursuant to RFR 2, sections 2–12, which for Oasmia means that lease payments are recognized on a straight-line basis over the lease period.

(b) Classification and forms of presentation
The Parent Company uses the term Cash flow statement for the report that in the Consolidated Accounts is named Statement of Cash Flows. The form of presentation of the Parent Company's income statement and balance sheet is based on the table presented in the Annual Accounts Act, which entails differences compared to the consolidated accounts, where the presentations are based on IAS 1 Presentation of Financial Statements, in particular with regard to the classification of equity and the naming of certain items.

(c) Group and shareholder contributions for legal entities
Shareholder contributions are accounted for as equity by the recipient and as an increase in participations in Group companies by the donor.

Group contributions made by the Parent Company to a subsidiary are reported as an increase in participations in Group companies in the Parent Company accounts.

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

(d) Reserve for development costs
According to the Annual Accounts Act companies shall form a reserve under restricted equity corresponding to the value that has been recognized in the balance sheet as Capitalized development costs. This does not apply to Capitalized development costs as of April 30, 2016 and earlier but only to development costs capitalized after May 1, 2016.

(e) Financial instruments
The Parent Company has chosen not to apply IFRS 9 for financial instruments. However, parts of the principles in IFRS 9 are still applicable - such as in relation to write-downs, bookings / cancellations, criteria for when safety accounting is to be applied and the effective interest method for interest income and interest costs.

In the Parent Company, financial non-current assets are valued at acquisition value less any write-downs and financial current assets according to the lowest value principle. IFRS 9's impairment rules are applied to financial assets that are reported at accrued acquisition value. Impairment losses on unlisted shareholdings that do not constitute holdings in subsidiaries, associated companies or collaborative arrangements are reported if the present value of expected future cash flows is lower than the amount accounted for. The parent company has no holdings in listed shares.

Note 3 Significant estimates and judgments for accounting purposes

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

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

(a) Impairment tests for intangible assets
The Group HAS capitalized development costs for two pharmaceutical candidates, Paclical/Apealea® and Paccal Vet®. The Group's capitalized development costs, as of December 31, 2020, amounted to TSEK 420,334 (433,357), of which TSEK 310,926 (323,949) was attributable to Paclical/Apealea® and TSEK 109,408 (109,408) to Paccal Vet®.

The capitalized development costs for Paclical/Apealea® have in previous fiscal years been utilized or are ready to be utilized and ongoing amortization therefore commenced. These are to be reviewed for impairment to determine if there is an indication of decline in value. As of December 31, 2020, no such indications exist.

Capitalized development costs that have not yet been utilized for Paccal Vet® are subject to an annual assessment of whether there is an impairment requirement, regardless of any indication of a decline in value. Oasmia's impairment tests show that there is no need for impairment as of December 31, 2020.

Impairment testing takes place by discounting expected future cash flows at a present value, which comprises the recoverable amount of the capitalized development costs. If this is lower than the carrying amount, it is to be written down to the recoverable amount in profit or loss.

Such a procedure includes estimates and assessments of a large number of parameters, such as a discount rate, market size and Paccal Vet's potential share of this market, the sales price of the products, production costs, the probability of securing the necessary approvals, etc. It may well prove to be the case at a later date that these assessments were insufficient or that the parameters developed in a negative

manner for Paccal Vet that could not be predicted when the impairment test took place. This may lead to all or some of the capitalized development costs having to be written down.

As of December 31, 2020 capitalized development costs amounted to 62% (52) of equity on the same date.

(b) Assessments of outcomes of legal proceedings

Oasmia has a claim on MGC Capital Ltd, which on the acquisition date amounted to MSEK 60.2, and which is recognized in Oasmia at the amount for which it was acquired, MSEK 40.2 plus accrued interest. At the same time, Oasmia has a debt to MGC, which is recognized in the balance sheet at MSEK 80 plus accrued interest.

These items are currently subject to legal proceedings.

Prior to each financial closing, management, engages legal expertise to help diligently assess the expected outcome of the above, but also of other ongoing legal processes. The carrying amounts of the related balance-sheet items reflect the management's best assessment of outcomes.

(c) Assessments in connection with revenue recognition

In the 2019/2020 fiscal year, Oasmia signed a global strategic agreement with Elevar Therapeutics, Inc., which is described in Note 4. In addition to the upfront payment received and recognized in revenue in 2019/2020, the agreement also includes the possibility of several different future revenue flows of significant amounts. These flows will be recognized in revenue when the terms and conditions contingent on the revenue under the agreement have been deemed to be fulfilled at such a level of certainty that the probability that the revenue will need to be reserved for deemed to be very low.

(d) Income taxes

The Group is required to pay tax in Sweden. The Group's companies have so far showed negative taxable income, and as a result, significant taxable deficits exist in the Group. There are at present no 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.
Accumulated taxable deficits in the Group are described in Note 15.

(e) Contingent liabilities

A contingent liability is a possible liability whose occurrence will possibly be confirmed by future events which wholly or partly, are beyond Oasmia's control and whose probability of occurring is low or difficult to estimate. It may also be an existing liability, the size of which cannot be calculated or the settlement of which is unlikely to result in any outflow of resources.

It is obviously in the nature of contingent liabilities that their occurrence and size are particularly uncertain and therefore they are not recognized in the balance sheet. Instead information is provided in Note 23. If it is at all possible to state any amounts for these contingent liabilities, they are, as can be seen above, largely dependent on management's assessments.

(f) Leases

When the lease term is established, available information is considered that provides an incentive to exercise an extension option or not exercise a termination option. The option to extend a lease is included only if it is reasonably certain that the lease will be extended. This assessment is reconsidered if any event or change occurs that impacts the assessment.

Assumptions for determining the discount rate are required to calculate the present value of future lease payments. This rate is based on an estimation of the borrowing rate that Oasmia would have obtained when borrowing from financial institutes for corresponding durations.

Note 4 Revenue from contracts with customers

Global agreement with Elevar Therapeutics, Inc.

On March 25, 2020, that is in the previous fiscal year, Oasmia signed a global strategic partnership deal with the US-based company Elevar Therapeutics, Inc. regarding commercialization of Apealea®. The signing of this agreement meant that Oasmia received an upfront one-time payment for the license rights of MUSD 20, which was paid in April 2020.

This agreement did not generate any revenue in 2020.

Oasmia's contractual obligations

Under the agreement, Oasmia grants Elevar an exclusive license to further develop, produce, market, sell and sub-license Apealea® worldwide, except for in the Nordic countries, the Baltic States, Russia and some other CIS countries.

Oasmia has also under this agreement undertaken to deliver XR-17™, an input product in the production of Apealea®, to Elevar.

Future revenue flows from the agreement

In addition to the previously mentioned initial upfront payment in the previous fiscal year, Oasmia may receive three forms of revenue in the future:

- Sales revenue from the sales of XR-17™ to Elevar.
- Royalty revenue based on Elevar's revenue from sales or sub-licensing.
- Milestone payments depending on certain performance criteria.

Sales revenue from XR-17™

Under the agreement, Elevar has been granted the exclusive right to produce Apealea®. XR-17™, Oasmia's proprietary and patented excipient, is required to be able to produce Apealea® and Oasmia has thus undertaken to deliver this to Elevar. The price has been agreed as being Oasmia's manufacturing cost plus a certain mark-up.

The purpose of this part of the agreement is to enable Elevar to produce and sell Apealea® and, accordingly, the price of XR-17™ agreed between the parties is intended to cover Oasmia's manufacturing costs plus a certain portion of expenses. This means that the agreed price is less than the estimated market price of XR-17™. In order to correctly present the fair value of the sale of XR-17™ to Elevar, revenue from the sale will be recognized at the estimated market price and not at the invoiced lower price. Reallocation takes place to revenues attributable to the license rights.

Oasmia's revenue from the sale of XR-17™ to Elevar is deemed to comprise a very small portion of the total revenue that the agreement is expected to generate for Oasmia.

Royalty revenue

Elevar has been granted the exclusive right to sell Apealea® in the abovementioned markets and also has the right to sub-license the product.

Oasmia will receive a double-digit royalty percentage on Elevar's sales revenue. The royalty percentage depends on Elevar's annual sales – the higher the sales, the higher Oasmia's royalty percentage.

If Elevar's revenue comprises royalty revenue from sub-licensing, Oasmia will receive a share of this revenue. This share may vary depending on the market and time of sub-licensing.

Royalty revenue will be recognized at the contractual amount when the terms and conditions for the royalties have been met, that is to say when Elevar has realized the royalty-based sales and the sales under the sub-licensing framework.

Milestone payments

Elevar has assumed responsibility for further developing Apealea® under this agreement. In addition to simply product development, it also involves carrying out certain clinical studies and regulatory activities. The aim of this is to make the product usable and approved for several diagnoses in more markets than at present. Some of the milestone payments contracted in this agreement that may accrue to Oasmia in the future are dependent on a certain level of success in these development activities, for example, sales approval in certain markets or approval for new diagnoses.

These development-based milestone payments will be recognized in revenue when each condition is met.

In addition to the abovementioned development-based milestone payments, the agreement also contains a number of milestone payments that are triggered when Elevar achieves certain sales targets. These will be recognized in revenue when each condition is met.

The sum of all of the potential development-based and sales-based milestone payments amounts to MUSD 678.

Costs for the agreement
During the process of finding a suitable partner, Oasmia engaged the help of advisors. Their remuneration is paid in the form of a revenue-dependent, single-digit percentage, which is calculated on Oasmia's revenue from the agreement. These expenses will be recognized when the corresponding revenue recognition takes place.

Risks inherent in the agreement
No sales of Apealea® take or have taken place in any of the markets encompassed by the agreement. Of these markets, Apealea® is approved for sale only in Europe, but Apealea® is not an established product there.

In order to realize the potential future revenue described here, the following must take place:

- Elevar must successfully market and sell Apealea® in the, to date, unprocessed European market.
- Elevar must successfully carry out the necessary clinical studies and regulatory processes in other countries to obtain sales approval there and then successfully market and sell Apealea® in these equally unprocessed markets.

For a more detailed description of the risks associated with these processes, refer to the risk section of the Administration Report.

Other customer contracts

Agreement with Russian distributor
As of April 30, 2020, Oasmia had a supply and distribution agreement with a partner for the Russian market, Hetero Labs Ltd, which encompassed three of Oasmia's products. This agreement has been described in detail in previous annual reports.

During the fiscal year, the parties agreed to terminate this agreement and as of December 31, 2020, all mutual obligations had been settled.

One-time payments (entrance fees)
Under the agreement, Hetero was to pay a one-time fee of TUSD 100 for each of the products that the agreement covered when each product was ready for commercialization. In the 2017/2018 fiscal year, TUSD 100 was paid for Apealea/Paclical, which was the only one of the three entrance fees be paid.

For this entrance fee, Hetero obtained the exclusive right to market and sell Apealea/Paclical for the duration of the agreement in the markets stipulated in the agreement. Oasmia undertook to carry out all necessary regulatory work and to further develop the product and its manufacturing process. The licensing agreement was assessed as a Right to access intellectual property (IP), whereby Oasmia undertook to conduct future activities that materially impacted the rights the customer was entitled to and which entailed the transfer of services to the customer when these activities were carried out. The performance obligation and, therefore, the revenue were recognized in a straight line over the assessed contractual period of seven years.

As this amount can thus be considered to be an advance payment for future performance obligations, it was assessed that it contained a considerable financing component, which meant that the amount was adjusted up to include interest and was recognized as licensing revenues (transaction price) over the contractual period in conjunction with an interest expense being recognized as a financial expense calculated using the effective interest method over the assessed contractual period of seven years.

The impact of the financing component on the income statement and balance sheet:

Deferred income

TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Opening balance	-644	-793
Recognized as revenue during the year	99	149
Closing balance	**-545**	**-644**

Prepaid interest expenses

TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Opening balance	123	180
Recognized as financial expense during the year	-33	-57
Closing balance	**90**	**123**

Sales of goods and profit sharing
The agreement also included provisions covering the sale of goods and profit sharing between the parties. However no such transaction took place and no such revenues were recognized in 2020 or in the preceding 2019/2020 fiscal year.

Sales of supplies
Oasmia has had its own production facility in Uppsala where limited commercial production was possible in addition to production for the company's own research and development. For technical reasons, a surplus of certain supplies was produced. This surplus was sold to a small number of Swedish customers. Revenue was recognized upon delivery to the customer and issued invoices, which fell due for payment after 30 days.

Revenue during the year and outstanding accounts receivable from sales of supplies are presented in the following table:

	Group	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Sales of supplies	288	399
Accounts receivable	-	56

During the year, Oasmia closed this production facility in Uppsala and accordingly, sales of supplies have ceased.

Net sales per type of revenue
Summary of the revenue presented above:

	Group		Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Licensing revenues	99	201 442	99	201 442
Supplies	288	399	288	399
Sales of goods	95	2	95	2
Total	**482**	**201 843**	**482**	**201 843**

Net sales per geographic area
The division into geographic areas below is based on where the customer is domiciled:

	Group		Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
USA	-	201,100	-	201,100
Russia	99	149	99	149
Sweden	288	401	288	401
Other countries	95	193	95	193
Total	**482**	**201,843**	**482**	**201,843**

Non-current assets located in Sweden amounted to TSEK 444,444 (478,576) and non-current assets located in Germany amounted to TSEK 3,018 (3,654).

Note 5 Capitalized development costs

Group	May 1, 2020 – Dec 31, 2020			May 1, 2019 – Apr 30, 2020		
TSEK	Apealea/Paclical	Paccal,Vet	Total	Apealea/Paclical,l	Paccal,Vet	Total
Opening,cost	329,458	109,408	438,866	325,102	109,408	434,510
Capitalized,expenditure,for,the,year	0	-	0	4,356	-	4,356
Closing,accumulated,cost	**329,458**	**109,408**	**438,866**	**329,458**	**109,408**	**438,866**
Opening,accumulated,amortization	-5,509	-	-5,509	-1,379	-	-1,379
Amortization,for,the,year	-13,023	-	-13,023	-4,130	-	-4,130
Closing,accumulated,amortization	**-18,532**	**0**	**-18,532**	**-5,509**	**0**	**-5,509**
Closing,carrying,amount	**310,926**	**109,408**	**420,334**	**323,949**	**109,408**	**433,357**

Parent,Company	May 1, 2020 – Dec 31, 2020			May 1, 2019 – Apr 30, 2020		
TSEK	Apealea/Paclical	Paccal,Vet	Total	Apealea/Paclical,l	Paccal,Vet	Total
Opening,cost	329,458	109,408	438,866	325,102	0	325,102
Divestments,for,the,year	-	-	0	-	-	0
Capitalized,expenditure,for,the,year	-	-	0	4,356	109,408	113,764
Closing,accumulated,cost	**329,458**	**109,408**	**438,866**	**329,458**	**109,408**	**438,866**
Opening,accumulated,amortization	-5,509	-	-5,509	-1,379	-	-1,379
Amortization,for,the,year	-13,023	-	-13,023	-4,130	-	-4,130
Closing,accumulated,amortization	**-18,532**	**0**	**-18,532**	**-5,509**	**0**	**-5,509**
Closing,carrying,amount	**310,926**	**109,408**	**420,334**	**323,948**	**109,408**	**433,357**

Capitalized development costs amounted to TSEK 0 (4,356) for the fiscal year and research and development costs which were not capitalized amounted to TSEK 46,035 (84,815), in total TSEK 46,035 (88,874).

At the end of the preceding year, amortization was started for the remaining parts of the acquisition cost for Apealea®/Paclical (those parts applicable to Russia were written down in previous fiscal years), which explains the significantly higher amount this year.

Note 6 Other operating income

	Group		Parent Company	
TSEK	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
Revenue attributable to partnerships	2,166	-	2,166	-
Exchange differences	211	323	211	323
Other	113	104	113	104
Total	**2,489**	**427**	**2,489**	**427**

Note 7 Inventories

	Group		Parent Company	
TSEK	Dec 31, 2020	Apr 30, 2020	Dec 31, 2020	Apr 30, 2020
Raw materials and consumables	7,414	6,427	7,414	6,427
Products in progress	10,811	7,890	10,811	7,890
Finished goods	33,271	14,520	33,271	14,520
Total	**51,496**	**28,837**	**51,496**	**28,837**

During the year, goods of TSEK 134 (0) were recognized as an expense and goods valued at TSEK 0 (5,404) were written down.

The change in the items "Products in progress" and "Finished goods" during the year is recognized in the income statement in "Change in inventories of products in progress and finished goods."

Note 8 Remuneration to auditors

	Group and Parent Company	
TSEK	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
	KPMG	PwC
Audit engagement	2,822	1,725
Audit activities other than audit engagement	400	565
Total	**3,222**	**2,290**

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

Note 9 Leases

Recognition of leases for which Oasmia is the lessee

The Group has leases for premises, vehicles and equipment for which the Group is lessee. Leases are normally signed for terms of three years. Most of the leases include an extension option. Leases can include both lease and non-lease components. Oasmia separates lease components from non-lease components for rent for premises and vehicles. Oasmia has decided to apply the exemption for short-term leases and low-value leases. Oasmia did not have any low-value leases during the fiscal year. Oasmia's short-term leases in the previous fiscal year comprised canceled leases for premises for which the remaining term on the transition to IFRS 16 was less than 12 months and thus could be classified as short-term leases.

The Group did not accrue any revenue for sub-leasing of right-of-use assets or for any sale and leaseback transactions.

Impairment of right-of-use assets

As set out in the Administration Report, Oasmia will move substantial parts of its operations to new premises in 2021. Some of the present premises will therefore not be used for the entire term of the lease. A provision for these future lease payments has been made in the Parent Company of TSEK 4,570 reserved together with a corresponding write down of right-of-use assets of TSEK 4,057.

Amounts for leases recognized in balance sheet

TSEK	Dec 31, 2020	Apr 30, 2020
Right-of-use assets		
Land and buildings[1]	7,185	14,177
Equipment and vehicles[2]	480	660
Total	**7,665**	**14,837**

[1] Additional right-of-use assets in the fiscal year amounted to TSEK 594 (0).
[2] Additional right-of-use assets in the fiscal year amounted to TSEK 0 (356).

TSEK	Dec 31, 2020	Apr 30, 2020
Lease liabilities		
Short-term	4,204	5,320
Long-term	6,545	8,845
Total	**10,749**	**14,165**

Amounts recognized in income statement

TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Depreciation of right-of-use assets, Land and buildings	3,529	5,294
Depreciation of right-of-use assets, Equipment and vehicles	179	210
Impairment of right-of-use assets, Land and buildings	4,057	-
Interest expense on lease liabilities	631	1,003
Expense for short-term leases	-	356
Expense for low-value leases	-	-
Expenses for variable lease payments not included in the measurement of lease liabilities	156	184

The total cash flow for leases for the fiscal year was TSEK 4,748 (6,535).

The Parent Company's lease expenses were TSEK 8,817 (6,615) for the fiscal year. These consisted of minimum lease payments of TSEK 4,161 (6,093) and variable payments of TSEK 86 (522) as well as a provision of TSEK 4,570 (0) for future lease fees for terminated premises leases. Future minimum lease payments for operating leases are allocated as follows:

	Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
The nominal value of future minimum lease payments is allocated as follows:		
Due for payment within one year	6,141	6,046
Due for payment later than one year but within five years	6,876	9,378
Due for payment later than five years	0	0
Total	**13,017**	**15,424**

For the maturity structure of the lease liabilities, see Note 17.

Note 10 Employees and remuneration

Average number of employees

	Group		Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Sweden				
Women	26	31	26	31
Men	26	28	26	28
Total Sweden	**52**	**59**	**52**	**59**
USA				
Women	-	0.4	-	-
Men	-	0.2	-	-
Total USA	**0**	**1**	**0**	**0**
	-	-	-	-
Total average number of employees	**52**	**60**	**52**	**59**

Salaries and benefits

Employee benefit expenses recognized in the income statement are specified as follows:

	Group		Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Salaries and other benefits	30,382	42,124	30,382	37,045
Share-based remuneration	610	120	610	120
Defined-contribution pension plans	2,904	5,094	2,904	5,094
Defined medical benefits	272	387	272	387
Social security contributions	8,538	10,712	8,538	10,671
Special employer's contribution	767	1,320	767	1,320
Other employee benefit expenses	2,046	4,029	2,046	4,029
Recognized employee benefit expenses	**45,519**	**63,787**	**45,519**	**58,667**

Cost-reduction program

During the fiscal year, Oasmia implemented an extensive cost-reduction program entailing non-recurring employee benefit expenses. These pertained to severance pay and/or salaries and benefits during the notice period with exemption from working and amounted to about MSEK 9.1 (2.5) based on 25 redundancies (1).

Salaries and other benefits
Salaries and other benefits include base salary, bonus, severance pay, fees and other benefits, such as company car, housing and similar. The amounts in the table pertain to expenses recognized and thus include changes in provisions for expenses for redundancies, vacation liability and similar items. This item also includes estimated bonuses for the fiscal year, which remained undecided at the end of the fiscal year.

Share-based remuneration
Costs for share-based remuneration refer to the cost for services rendered excluding estimated social security contributions that impact income for the year.

Defined-contribution pension plans
The Group has only defined-contribution pension plans.

Defined medical benefits
Oasmia offers its employees free medical care up to the cost ceiling and free medicines up to the cost ceiling. Oasmia has taken out health insurance and certain employees also have medical insurance.

Other employee benefit expenses
Other employee benefit expenses include costs for recruitment, preventive health care, training, internal representation and similar employee benefit expenses.

Benefits for senior executives
Board of Directors and Board committees
Remuneration of the Chairman of the Board of Directors and Board members is decided by the Annual General Meeting. The Board members receive their Board fees as salary that comprise a basis for employers' contributions in Oasmia. Some members of the Oasmia's Board have received consultancy fees for assignments over and above their work on the Board, which are presented in Note 25 Transactions with related parties.

Chief Executive Officer
François R. Martelet took office as CEO in March 2020. Under his employment contract, he is entitled to base salary, variable remuneration that primarily comprises the possibility of a discretionary bonus of a maximum of 50% of his annual base salary, share-based remuneration, other benefits such as company car and housing, a pension corresponding to 10% of his base salary including vacation pay and medical insurance. He is also entitled to a resettlement allowance. The mutual period of notice is 12 months. On termination of employment, the CEO may receive severance pay of a maximum of six monthly salaries.

Remuneration of Sven Rohmann, who served as acting CEO between July 2019 and March 2020, is recognized in Note 25 Transactions with related parties. He was not employed by the company and invoiced his remuneration for his assignment as CEO and consultant.

Remuneration paid to Mikael Asp, Oasmia's CEO between May 2015 and July 2019, consisted of base salary, which is reviewed on April 1 each year. Under his employment contract, he is entitled to pension insurance under the ITP1 plan, health insurance and medical insurance. In April 2020, an agreement was reached with Mikael Asp to terminate his employment in May after which he has no obligation to work and retains his salary and benefits during a notice period of 12 months. The estimated cost was recognized in the previous fiscal year.

Terms of employment for other senior executives
"Other senior executives" refers to the individuals who together with the CEO comprise Oasmia's Group management. Reinhard Koenig and Robert Maiorana joined Oasmia's management group during the fiscal year and Sven Rohmann, Reinhard Koenig and Joakim Lindén were members of Oasmia's management group in the previous fiscal year, but are not employed by the company and invoiced for their fees, see Note 25 Transactions with related parties.

Recognized remuneration to Oasmia's other senior executives for the fiscal year consisted of base salary, bonus and redundancy compensation. Salaries are reviewed annually on April 1. According to their employment contracts other senior executives are entitled to pension insurance corresponding to the ITP scale or the like as well as individual health insurance. Some are also entitled to share-based remuneration, a discretionary bonus and/or medical insurance under their employment contract.

During the fiscal year, in conjunction with the implementation of Oasmia's cost-reduction program, agreements were reached with two individuals regarding termination of employment. These are reported under Other senior executives. Under the agreements, these individuals received severance payments and/or salary and benefits during the notice periods with exemption from working.

Remuneration to the Board and senior executives

May 1, 2020 – Dec 31, 2020

TSEK	Base salary/Board fee	Severance pay	Social security contributions, incl. special employer's contribution	Pension/Health benefits	Share-based remuneration	Bonus, variable remuneration and other benefits
Chairman of the Board, Anders Härfstrand[1, 2]	353	-	113	-	-	8
Chairman of the Board, Jörgen Olsson[1, 3]	10	-	3	-	-	0
Board Member, Hege Hellström[1]	179	-	56	-	-	0
Board Member, Gunilla Öhman[1, 3]	5	-	2	-	-	0
Board member, Sven Rohmann[1, 4]	-168	-	-53	-	-	0
Board member, Peter Zonabend[1]	195	-	61	-	-	0
Board Member, Birgit Stattin Norinder[5]	190	-	60			0
CEO François R. Martelet	2,328	-	1,122	271	607	1,546
Other senior executives (3 individuals at end of year, 3.75 individuals on average during the fiscal year)[6]	2,175	1,983	1,558	677	2	277
Total Parent Company and Group	**5,267**	**1,983**	**2,923**	**949**	**610**	**1,831**

[1] A certain portion of which is accrued Board fees attributable to the fiscal year. See Note 25 Transactions with related parties for other transactions with Board members.
[2] Took up the position as Chairman of the Board in May 2020, previously a Board member.
[3] Stepped down May 2020.
[4] Stepped down September 2020. Has waived his Board fees.
[5] Took up position in May 2020.
[6] Reported remuneration to other senior executives is only for employed personnel. See also Note 25 Transactions with related parties.

Remuneration to the Board and senior executives, cont.

May 1, 2019 – Apr 30, 2020

TSEK	Base salary/Board fee	Severance pay	Social security contributions, incl. special employer's contribution	Pension/Health benefits	Share-based remuneration	Bonus, variable remuneration and other benefits
Chairman of the Board, Jörgen Olsson[1]	300	-	94	-	-	-
Board Member, Anders Härfstrand[1, 2]	90	-	28	-	-	-
Board Member, Hege Hellström[1, 2]	90	-	28	-	-	-
Board Member, Gunilla Öhman[1]	150	-	47	-	-	-
Board member, Sven Rohmann[1]	150	-	47	-	-	-
Board member, Peter Zonabend[1]	150	-	47	-	-	-
CEO François R. Martelet[3]	439	-	94	51	120	11
CEO Mikael Asp[4]	1,376	1,444	542	961	-	17
Other senior executives (4 individuals at end of year, 4.37 individuals on average during the fiscal year)[5]	4,452	-	1,179	1,097	-	81
Total Parent Company	**7,197**	**1,444**	**2,108**	**2,109**	**120**	**109**
Board members, CEO and other senior executives in subsidiaries	1,359	3,720	42	-	-	-
Total Group	**8,556**	**5,164**	**2,149**	**2,109**	**120**	**109**

[1] A certain portion of which is accrued Board fees attributable to the fiscal year. See Note 25 Transactions with related parties for other transactions with Board members.
[2] Took up position in September 2019.
[3] Took up position in March 2020.
[4] Stepped down as CEO in June 2019. Remained a member of the management group for the remainder of the fiscal year.
[5] Reported remuneration to other senior executives is only for employed personnel. See also Note 25 Transactions with related parties.

Gender distribution on the Board and in management

	Dec 31, 2020		Apr 30, 2020	
TSEK	No. on closing day	Of whom, men	No. on closing day	Of whom, men
Group				
Board Members	11	8	13	11
CEO and other senior executives	5	4	6	4
Parent Company				
Board Members	4	2	6	4
CEO and other senior executives	5	4	6	4

The information on gender distribution for Board members in the Group shows all Board positions. Where the same person is on several company Boards in the Oasmia Group, this person is included for each Board position.

Share-based remuneration

Share-based remuneration pertains to employee stock options outstanding. The objective of the program is to create a long-term incentive for the CEO and other senior executives in line with the shareholders' interests. The options are issued free of charge and in addition to fixed base salary, short-term variable incentives and other customary employment benefits. If employment were to be terminated before the end of the vesting period, the reason for the termination of employment will determine how previously earned options are to be handled.

The Extraordinary General Meeting on May 14, 2020, approved an employee stock option program directed to the company's CEO, which entailed the issue of 896,739 four-year employee stock options subject to vesting terms and conditions. The program gives the CEO options with terms of service during the vesting period that extend until February 12, 2023. The employee stock options can be exercised between February 13, 2023 and February 13, 2024 at a strike price of SEK 7.36 per share, which corresponds to approximately 150% of the share price when the employment was agreed and published. The Black-Scholes model was used to estimate fair value on the allotment date (May 14, 2020), which was SEK 2.75 per option. A total of 264,318 options had vested with the CEO at the end of the fiscal year and the recognized cost for vested options for the services rendered during the fiscal year amounted to TSEK 607 and TSEK 19 in estimated social security contributions.

The AGM on September 9, 2020 adopted an employee stock option program for other senior executives recruited in 2020 that encompassed not more than 400,000 four-year options subject to vesting terms and conditions. To date as of December 31, 2020, the program has resulted in the allotment to one senior executive of 75,000 issued options subject to terms of service during the vesting period that extends 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 estimated fair value on the allotment date was SEK 0.55 per option. The fair value on the allotment date (September 9, 2020) was calculated using the Black-Scholes valuation model. Other inputs for the model were:

- Allotment date: September 9, 2020
- Term: 3.4 years. Calculated from the allotment date until an average of the first date for possible subscription for shares and the final date for subscription for shares.
- Share price on allotment date: SEK 4.89 corresponding to the volume-weighted average price on the trading day closest to the valuation date.
- Volatility: 36.1%. The measure is based on the share's development over the past 30 days which precedes the valuation and measures the price's standard deviation from the average value during that period.
- Expected dividend: None
- Risk-free interest rate: -0.35%

A total of 4,227 options had vested with senior executives at the end of the fiscal year and the recognized cost for vested options for the services rendered during the fiscal year amounted to TSEK 2 and TSEK 1 in estimated social security contributions.

Note 11 Property, plant and equipment

Property, plant and equipment consists of vehicles, inventory and production equipment, leasehold improvements, and construction in progress and advance payments for machinery and equipment. The Group also has right-of-use assets for buildings, land and equipment.

Group May 1, 2020 – Dec 31, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Land and buildings, right-of-use assets	Equipment and vehicles, right-of-use assets	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,687	8,437	19,471	869	8,836	83,525
Investments for the year	-	4,247	112	594	0	6	4,960
Reclassifications	-	1,807	-	-	-	-1,807	0
Sales/disposals	-	-	-	-	-	-	0
Closing accumulated cost	**225**	**51,741**	**8,549**	**20,065**	**869**	**7,035**	**88,485**
Opening depreciation	-225	-38,744	-4,657	-5,294	-210	0	-49,131
Depreciation for the year	-	-1,574	-305	-3,529	-179	-	-5,587
Sales/disposals	-	-	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-40,318**	**-4,962**	**-8,823**	**-389**	**0**	**-54,718**
Opening accumulated impairment	0	0	0	0	0	-6,380	-6,380
Impairment for the year	-	-2,227	-3,473	-4,057	-	-	-9,757
Closing accumulated impairment	**0**	**-2,227**	**-3,473**	**-4,057**	**0**	**-6,380**	**-16,137**
Closing carrying amount	**0**	**9,196**	**114**	**7,185**	**480**	**654**	**17,630**

Parent Company May 1, 2020 – Dec 31, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,687	8,437	8,836	63,185
Investments for the year	-	4,247	112	6	4,360
Reclassifications	-	1,807	-	-1,807	0
Sales/disposals	-	-	-	-	0
Closing accumulated cost	**225**	**51,741**	**8,549**	**7,035**	**67,551**
Opening depreciation	-225	-38,744	-4,657	0	43,627
Depreciation for the year	-	-1,574	-305	-	-1,879
Sales/disposals	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-40,318**	**-4,962**	**0**	**-45,506**
Opening accumulated impairment	0	0	0	-6,380	-6,380
Impairment for the year	-	-2,227	-3,473	-	-5,700
Closing accumulated impairment	**0**	**-2,227**	**-3,473**	**-6,380**	**-12,080**
Closing carrying amount	**0**	**9,196**	**114**	**654**	**9,964**

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 latter part of 2020. This was due to Elevar taking over the production and product development of Apealea under the terms of the contract. Moreover, the company's staff reductions within the framework of the cost-reduction program implemented during the year 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 in 2021.

Together, the above resulted in a TSEK 5,700 (0) write down of production equipment and previously capitalized leasehold improvements in the Parent Company. Moreover, the Group has written down the right-of-use assets pertaining to the premises used by Oasmia in Vallongatan in Uppsala in an amount of TSEK 4,057 (0).

During the year, impairment of TSEK 0 (6,380) was recognized for construction in progress and advances.

Group May 1, 2019 – Apr 30, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Land and buildings, right-of-use assets	Equipment and vehicles, right-of-use assets	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,288	8,437	0	0	1,201	55,151
Adjustment due to changed accounting policies	-	-	-	19,471	513	-	19,984
Adjusted opening cost	225	45,288	8,437	19,471	513	1,201	75,135
Investments for the year	-	399	-	-	356	7,660	8,415
Reclassifications	-	-	-	-	-	-	0
Sales/disposals	-	-	-	-	-	-25	-25
Closing accumulated cost	**225**	**45,687**	**8,437**	**19,471**	**869**	**8,836**	**83,525**
Opening depreciation	-225	-36,007	-4,217	0	0	0	-40,450
Depreciation for the year	0	-2,737	-440	-5,294	-210	-	-8,681
Sales/disposals	-	-	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-38,744**	**-4,657**	**-5,294**	**-210**	**0**	**-49,131**
Opening accumulated impairment	0	0	0	0	0	0	0
Impairment for the year	-	-	-	-	-	-6,380	-6,380
Closing accumulated impairment	**0**	**0**	**0**	**0**	**0**	**-6,380**	**-6,380**
Closing carrying amount	**0**	**6,942**	**3,780**	**14,177**	**659**	**2,456**	**28,014**

Parent Company May 1, 2019 – Apr 30, 2020

TSEK	Vehicles	Equipment and Production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Opening cost	225	45,288	8,437	1,201	55,151
Investments for the year		399		7,660	8,059
Reclassifications	-	-	-	-	0
Sales/disposals	-	-	-	-25	-25
Closing accumulated cost	**225**	**45,687**	**8,437**	**8,836**	**63,185**
Opening depreciation	-225	-36,007	-4,217	0	-40,450
Depreciation for the year	-	-2,737	-440	-	-3,177
Sales/disposals	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-38,744**	**-4,657**	**0**	**-43,627**
Opening accumulated impairment	0	0	0	0	0
Impairment for the year	-	-	-	-6,380	-6,380
Closing accumulated impairment	**0**	**0**	**0**	**-6,380**	**-6,380**
Closing carrying amount	**0**	**6,943**	**3,780**	**2,455**	**13,177**

Note 12 Other intangible assets

Other intangible assets consist of the costs of patents and of acquired research projects.

	Group and Parent Company May 1, 2020 – Dec 31, 2020			Group and Parent Company May 1, 2019 – Apr 30, 2020		
TSEK	**Patents**	**Research projects**	**Total**	**Patents**	**Research projects**	**Total**
Opening cost	25,681	25,000	50,681	25,580	25,000	50,580
Purchases for the year	-	-	0	101	-	101
Closing accumulated cost	**25,681**	**25,000**	**50,681**	**25,681**	**25,000**	**50,681**
Opening accumulated amortization	-15,922	0	-15,922	-15,082	0	-15,082
Amortization for the year	-562	-	-562	-840	-	-840
Closing accumulated amortization	**-16,484**	**0**	**-16,484**	**-15,922**	**0**	**-15,922**
Opening accumulated impairment	0	-25,000	-25,000	0	0	0
Impairment for the year	-	-	0	-	-25,000	-25,000
Closing accumulated impairment	**0**	**-25,000**	**-25,000**	**0**	**-25,000**	**-25,000**
Closing carrying amount	**9,197**	**0**	**9,197**	**9,759**	**0**	**9,759**

Note 13 Exchange differences, net

Exchange differences are recognized in the income statement as follows:

	Group		Parent Company	
TSEK	**May 1, 2020 –Dec 31, 2020**	**May 1, 2019 –Apr 30, 2020**	**May 1, 2020 –Dec 31, 2020**	**May 1, 2019 –Apr 30, 2020**
Other operating income	211	323	211	323
Other external expenses	662	-781	662	-781
Financial income and expenses – net	-5,938	-1,387	-5,938	-1,387
Total	**-5,065**	**-1,845**	**-5,065**	**-1,845**

Note 14 Financial income and expenses

Group

TSEK	Category	Earnings impact	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
Financial income				
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	2	18
Loan receivables	Financial assets measured at amortized cost	Interest income	940	1,151
Short-term investments	Financial assets measured at fair value	Restatement at fair value	3,196	-
Total financial income			**4,138**	**1,169**
Interest expense				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-41	-37
Convertible debt instruments	Financial liabilities measured at amortized cost	Interest expenses	-	-2,790
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	-4,564	-6,819
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-6	-28
Lease liabilities	-	Interest expenses	-631	-1,003
Other	-	Interest expenses	-33	-203
			-5,275	**-10,880**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-	-920
Shareholdings	Financial assets measured at fair value	Restatement at fair value	-1,700	-
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	-5,940	-1,406
Convertible debt instruments	Financial liabilities measured at amortized cost	Issue expenses	-	-1,233
			-7,640	**-3,559**
Total financial expenses			**-12,915**	**-14,439**

Parent Company

TSEK	Category	Earnings impact	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
Financial income				
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	2	18
Loans to Group companies	Financial assets measured at amortized cost	Interest income	417	694
Loan receivables	Financial assets measured at amortized cost	Interest income	940	1,151
Short-term investments	Financial assets measured at fair value	Restatement at fair value	3,196	-
Total financial income			**4,555**	**1,863**
Interest expense				
Liabilities to credit institutions	Financial liabilities measured at amortized cost	Interest expenses	-41	-37
Convertible debt instruments	Financial liabilities measured at amortized cost	Interest expenses	-	-2,790
Other borrowings	Financial liabilities measured at amortized cost	Interest expenses	-4,564	-6,819
Accounts payable	Financial liabilities measured at amortized cost	Interest expenses	-6	-28
Other	-	Interest expenses	-33	-203
			-4,644	**-9,877**
Other financial expenses and exchange differences				
Short-term investments	Financial assets measured at fair value	Restatement at fair value	-	-920
Shareholdings	Financial assets measured at amortized cost	Impairment	-1,700	-
Bank accounts	Financial assets measured at amortized cost	Exchange-rate effects	-5,940	-1,406
Convertible debt instruments	Financial liabilities measured at amortized cost	Issue expenses	-	-1,233
			-7,640	**-3,559**
Total financial expenses			**-12,284**	**-13,436**

Note 15 Income taxes

The Parent Company and two subsidiaries have their fiscal domicile in Sweden, where the tax rate for the 2020 fiscal year is 21.4% (21.4). In addition, two subsidiaries have their fiscal domicile in the USA, one in Russia and one in Hong Kong.

The possibility of tax deduction for interest expenses has been limited to a maximum of 30% of operating income adjusted for certain items. If the adjusted operating income was negative, a simplification rule comes into effect under which interest expenses of TSEK 5,000 may be deducted. Oasmia has applied this simplification rule in 2020, as it did for the previous fiscal year.

	Group		Parent Company	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Income before taxes	-140,270	-43,356	-139,949	-50,067
Tax at applicable tax rate, 21.4% (21.4)	30,018	9,278	29,949	10,714
Tax effect of non-deductible interest expenses	-1,195	-1,805	-1,195	-1,805
Non-deductible expenses	-114	-354	-8	-291
Impairment of participations in and receivables from subsidiaries	-	-	-158	-3,107
Reversal of deferred tax from preceding year	-	32,822	-	-
Taxable deficits for which no deferred tax asset is recognized	-28,708	-7,119	-28,589	-5,511
Recognized effective tax	**0**	**32,822**	**0**	**0**

Deductible issue expenses of TSEK 0 (26,637) that give rise to loss carryforwards were recognized directly against equity during the year.

As of December 31, 2020, the Group had accumulated loss carryforwards from previous years and from the fiscal year amounting to TSEK 1,379,374 (1,252,890) and the Parent Company had such loss carryforwards of TSEK 1,350,265 (1,223,257). There are at present no sufficiently convincing reasons to assume that the loss carryforwards will be able to be utilized against future profits, and thus no deferred tax asset has been recognized in the balance sheet.

Note 16 Earnings per share

Earnings per share are calculated by dividing earnings attributable to Parent Company shareholders by the weighted average number of common shares outstanding during the period.

	Group	
TSEK	May 1, 2020 –Dec 31, 2020	May 1, 2019 –Apr 30, 2020
Earnings attributable to Parent Company shareholders (TSEK)	-140,270	-10,533
Weighted average number of common shares outstanding (thousand)	448,370	398,395
Earnings per share (SEK per share)	-0.31	-0.03

The following instruments outstanding at December 31, 2020 have not given rise to any dilution effect, but could do so in the future:

TSEK	No. of warrants	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. A total of 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. A total of 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. For further information on employee stock options, refer to Note 10 "Employees and remuneration."

Note 17 Financial instruments and financial risks

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

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

Credit risk, meaning the risk that a debtor does not pay its liability to Oasmia.

Liquidity risk, meaning the risk that Oasmia does not have sufficient funds to pay a liability when it falls due for payment or that a lack of liquidity significantly limits Oasmia in its business operations.

Market risk, meaning the risk that values that are dependent on the development of the financial markets affect the value of Oasmia's financial instruments negatively.

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

- *Market price risk*: meaning the risk that the market price of fixed-income funds (short-term investments) in which Oasmia has invested its surplus liquidity will perform negatively.
- *Currency risk*: the risk that the exchange rates for the currencies that Oasmia's financial instruments are denominated in develop unfavorably.

  The Oasmia Group includes four companies that report in currencies other than Swedish kronor. This means that when they are consolidated in the consolidated accounts, translation differences may arise, which are reported in comprehensive income. However, as all of these Group companies are dormant and only one of them, AdvaVet, Inc, has assets and liabilities in foreign currency, which are also small, so this translation risk is limited.
- *Interest-rate risk*: the risk that Oasmia's cash flow or the fair value of financial instruments vary unfavorably due to changes in market interest rates. Interest-rate risk can lead to changes in fair value and changes in cash flow.

  At December 31, 2020, all interest-bearing financial assets and financial liabilities are subject to fixed interest until maturity and, accordingly, are not exposed to interest-rate risk in terms of variable cash flows. However, there is a risk that fair values could change for these receivables and liabilities. See Note 9 with regard to lease liabilities.

The following sensitivity analysis shows how the market price risk in TSEK would affect the result if the market price of Oasmia's fixed-income funds were to change by 1%:

Market price risk

Financial instrument	Currency	Dec 31, 2020	Apr 30, 2020
Short-term investments (fixed-income funds)	SEK	2,473	2,341

The following sensitivity analysis shows how the currency risk in TSEK would affect the result if exchange rates were to change by 10%:

Currency risk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2020**	**Apr 30, 2020**
Accounts receivable, accrued income and cash and cash equivalents	USD	1,945	3,742
	EUR	640	–
Total currency risk		**2,585**	**3,742**

Currency risk

		Currency risk	
Financial instrument	**Currency**	**Dec 31, 2020**	**Apr 30, 2020**
Accounts payable and other current liabilities	EUR	456	1,078
	USD	184	356
	GBP	15	61
	DKK	34	22
Total currency risk		**688**	**1,517**

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

Financial risk management

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

- The risk that a negative event occurs
- The risk that there are substantial consequences if a negative event were to occur.

A correct assessment of risk, and thus a decision on appropriate risk management measures, is based on a true assessment of both these components. Obviously, there can be situations where it is not profitable to actively take measures to prevent a negative event even if there is a risk that it may occur, if at the same time the consequences of such a negative event are small. In such a case it is probably best to accept the risk.

In other cases, where the consequences of a negative event may be more extensive, risk management can consist of taking appropriate measures to try to minimize both components. Depending on the nature of the risk, these measures can be directed more at one or the other of them. In certain cases, above all where market risk is concerned, the individual company can often not influence the risk parameters at all. In those cases risk management is directed entirely at reducing the consequences of negative events.

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

Historically, the dominant financial risks for Oasmia have been financing and consequently liquidity risks, as described above. This has meant that most of the financial risk management work has been directed at these two risks. In practice, this has meant that Group management has focused intensely on finding and developing different financing opportunities, through both creditors and owners. During the previous fiscal year, this meant, inter alia, that a rights issue could be carried out that resulted in an inflow of MSEK 399 for Oasmia before issue expenses. A payment of MSEK 201 was also received from a customer contract in April 2020, see Note 4. With these payments, Oasmia has more cash and cash equivalents than is necessary for the operations for the next year. Accordingly, this surplus has been invested in short-term fixed-income funds with a low risk to thereby minimize its market price risk.

The credit risk inherent in both cash and cash equivalents and short-term investments is handled by having only accounts with large, well-reputed banks with a high credit rating.

The carrying amount of financial assets presents the maximum credit exposure.

Capital management

The company is still only at the start of a commercialization and launch phase and does not generate any profits or positive cash flow yet, which means that the company's capital management focuses exclusively on the external raising of capital. For the same reason, no dividend policy has been formulated yet.

The overarching objective of the company's capital management is to provide the business with capital and liquidity until such a time as profitability and a positive operating cash flow have been achieved. This is done by issuing new shares and convertible debt instruments, supplemented by external loans. This management and this objective have not changed compared to the previous year and there are no external capital requirements that have to be taken into consideration.

Financial instruments

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

- Financial assets measured at fair value
- Financial assets measured at amortized cost
- Financial liabilities measured at amortized cost

Financial instruments by category

Group, December 31, 2020

TSEK	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Financial assets				
Financial non-current assets	302	-	-	302
Accounts receivable	-	1,489	-	1,489
Other current receivables	-	40,251	-	40,251
Accrued income	-	23,278	-	23,278
Short-term investments	247,277	-	-	247,277
Cash and cash equivalents		40,128	-	40,128
Total financial assets	**247,579**	**105,146**	**0**	**352,725**
Financial liabilities				
Other borrowings	-	-	80,000	80,000
Accounts payable	-	-	10,678	10,678
Other current liabilities	-	-	86	86
Accrued expenses	-	-	48,890	48,890
Total financial liabilities	**0**	**0**	**139,654**	**139,654**

Financial instruments by category

Group, April 30, 2020

TSEK	Financial assets measured at fair value	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Financial assets				
Financial non-current assets[1]	2,002	-	-	2,002
Accounts receivable	-	59	-	59
Other current receivables	-	40,251	-	40,251
Accrued income	-	22,339	-	22,339
Short-term investments	234,080	-	-	234,080
Cash and cash equivalents	-	201,018	-	201,018
Total financial assets	**236,082**	**263,667**	**0**	**499,749**
Financial liabilities				
Other borrowings	-	-	80,000	80,000
Accounts payable	-	-	22,524	22,524
Other current liabilities	-	-	110	110
Accrued expenses	-	-	50,413	50,413
Total financial liabilities	**0**	**0**	**153,047**	**153,047**

[1]In last year's annual report, these assets were incorrectly classified as non-financial assets.

Financial assets measured at fair value

Financial instruments' fair value can be calculated according to different measurement techniques, which in turn are based on different inputs. These inputs may be observable to varying degrees. The calculated fair values are divided into three different levels, primarily depending on how observable these inputs are.

Level 1: Listed prices in an active market for identical assets or liabilities constitute the fair value of financial instruments at level 1.

Level 2: Inputs for fair value calculations at level 2 are constituted by other directly or indirectly observable inputs than listed prices.

Level 3: When calculating fair value at level 3, inputs are not observable but are based, for example, on reasonable estimates.

- Oasmia holds financial instruments measured at fair value comprised of fixed-income funds, TSEK 247,277 (234,080) that invest in secure interest-bearing securities and other fixed-income instruments. Most of the securities included in these funds have a remaining term of more than 3 months and may be exposed to more than insignificant fluctuations in value. Accordingly, they were recognized in the balance sheet as Short-term investments.

The fixed-income funds are traded in an active finance market and can be realized in one to two banking days. An official market price is published every trading day that comprises the fair value of the funds. They are thus measured in accordance with level 1 above. Changes in value for the year amounted to TSEK 3,196 (decrease: 920) and these were recognized in profit or loss as financial income (expense).

These fixed-income funds encompass a market price risk entailing the risk of the market value declining. However, since these funds invest in short-term securities from blue-chip issuers, the market risk is deemed to be low.

- Oasmia has a shareholding in a smaller unlisted Swedish limited company. As these shares are not listed there is no active market for the share and, accordingly, no observable input data available. The shareholding is therefore valued pursuant to level 3 and recognized in the balance sheet at TSEK 302 (2,002).

On restatement at fair value, a restatement loss of TSEK 1,700 arose, which was recognized in the Group as a financial expense and in the Parent Company as impairment of financial non-current assets, refer also to Note 14.

This shareholding is primarily affected by the operational risks in the company in question, but is also subject to some interest-rate risk since its fair value is interest-rate dependent. However, the low value of the item means the risk is negligible.

Financial assets measured at amortized cost

The carrying amount of cash and cash equivalents, accounts receivable, other current receivables and accrued income comprises a reasonable approximation of fair value.

- Cash and cash equivalents of TSEK 40,128 (201,018) consist of bank balances of TSEK 40,111 (200,988) in Swedish commercial banks and of bank balances of TSEK 17 (30) in foreign commercial banks.

  Of cash and cash equivalents, TSEK 25,123 (37,426) is balances in foreign currency. These have been translated using the Swedish Riksbank's end-of-month quotation at closing day. Cash and cash equivalents have an underlying credit risk. However, this risk is deemed to be very low since cash and cash equivalents are deposited in bank accounts with large, well-reputed commercial banks and therefore no credit loss reserve has been reported. That part of the liquid assets which are in other currencies than SEK has an underlying currency risk, which means that there is a risk that the exchange rates for these currencies develop negatively. As far as possible, the company strives to minimize risk by matching these assets against expenses in corresponding currencies.
- Accounts receivable of TSEK 1,489 (59).

Accounts receivable by currency:

	Dec 31, 2020		Apr 30, 2020	
Currency	Value in currency	Recognized in SEK	Value in currency	Recognized in SEK
EUR	64	641	-	-
USD	11	87	-	-
SEK	761	761	59	59
Total		**1,489**		**59**

Age of accounts receivable relative to due date:

TSEK	Dec 31, 2020	Apr 30, 2020
Not yet due	1,402	56
Past due date:		
1–30 days	87	-
31–60 days	-	3
Total	**1,489**	**59**

Accounts receivable are recognized at the value at which it is estimated they will be received. Accounts receivable in foreign currency are translated at the closing day rate of exchange.

Accounts receivable include a credit risk and a currency risk. Accounts receivable are individually assessed and a loss allowance is created for their remaining lifetimes for expected credit losses. No

loss allowance has been made as the amounts are not material and the amounts due are expected to be received shortly.

During the year, accounts receivable amounting to TSEK 0 (3,497) were written off as a customer loss.

- Other current receivables of TSEK 40,251 (40,251).

  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 the acquisition date 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, since this was assessed to comprise the fair value at the transaction date. The intention is to use this receivable at its nominal value as part of settling Oasmia's debt to MGC of TSEK 80,000. With the provision that full offset is possible, an income of TSEK 20,000 will be recognized.

  The interest on this receivable was calculated during the year and the interest is recognized as interest income in profit or loss. Both this receivable and the abovementioned liability to MGC are subject to legal proceedings.

  The risk associated with this receivable is the risk that the outcome of the legal proceedings will be to Oasmia's disadvantage. The probability of this is deemed to be low, see also the heading Legal issues in the Administration Report. Therefore, no provision for the credit risk in this receivable has been reported.

- Accrued income of TSEK 23,278 (22,339). This comprises accrued insurance payments of TSEK 21,188 (21,188) and accrued interest income of TSEK 2,090 (1,151) on the receivable of TSEK 40,251 described in the preceding paragraph.

  The accrued insurance payments derive from the settlement reached after the closing day with a group of investors who sued Oasmia, see the heading Legal issues in the Administration Report. This item is to be seen in the context of the reserve for accrued expenses for settlement which amounted to TSEK 23,139.

  This item carries no risk since it will be possible to net against said provision upon settlement.

Financial liabilities measured at amortized cost

The carrying amount of borrowings, accounts payable, other short-term and accrued expenses comprise a reasonable approximation of fair value.

- Borrowings of TSEK 80,000 (80,000) comprise a loan from MGC Capital Ltd.

  The loan plus accrued interest amount to TSEK 94,233, which comprises a reasonable approximation of its fair value.

During the year, interest expenses of TSEK 4,564 (6,819) for this liability were recognized in profit or loss as financial expenses. As the interest rate up until maturity is pursuant to a written agreement, there is a liquidity risk but no interest-rate risk.

This liability is to be seen in the context of the receivable of TSEK 40,251 described above, see Other current receivables.

- Accounts payable of TSEK 10,678 (22,524), Accrued expenses TSEK 48,890 (50,413) and Other current liabilities TSEK 86 (110), in total TSEK 59,654 (73,047), comprise minor liabilities to a large number of suppliers and accrued interest for the abovementioned loans. Amortized cost corresponds to fair value. Of these amounts, TSEK 7,206 (15,554) comprises liabilities in a currency other than SEK. These involve a currency risk. In addition to this currency risk, there is also a liquidity risk attached to these liabilities.

  Accrued expenses also includes a reserve for expenses in connection with the legal dispute with a group of investors that is described under the heading Other current receivables above and in the Administration Report.

Remaining time until maturity of financial liabilities

Group, December 31, 2020

TSEK	<3 months	3–6 months	6–12 months	More than 1 year
Lease liabilities	1,549	1,531	3,061	6,876
Other borrowings, including interest[1]	-	-	94,233	-
Accounts payable	10,678	-	-	-
Other current liabilities	86	-	-	-
Accrued expenses	34,657	-	-	-
Total	**46,970**	**1,531**	**97,294**	**6,876**

Group, April 30, 2020

TSEK	<3 months	3–6 months	6–12 months	More than 1 year
Lease liabilities	1,534	1,534	2,977	9,378
Other borrowings, including interest[1]			89,669	
Accounts payable	22,524	-	-	-
Other current liabilities	6	6	12	86
Accrued expenses	40,744	-	-	-
Total	**64,808**	**1,540**	**92,658**	**9,464**

[1] This liability, including interest, is subject to legal proceedings and thus its exact maturity date cannot be given.

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
TSEK	Dec 31, 2020	Apr 30, 2020	Dec 31, 2020	Apr 30, 2020
Prepaid insurance premiums	5,673	495	5,673	495
Prepaid interest expenses	90	123	90	123
Prepaid expenses for legal dispute	1,500	-	1,500	-
Prepaid rent	47	16	1,531	1,012
Other prepaid expenses	2,040	1,400	1,896	1,429
Accrued insurance payments	21,188	21,188	21,188	21,188
Accrued interest income	2,090	1,151	2,090	1,151
Total	**32,628**	**24,372**	**33,969**	**25,399**

Rent and lease payments are recognized in the Group but not in the Parent Company in accordance with IFRS 16, which means that prepaid rent differs between the Group and the Parent Company.

Note 19 Other current receivables

	Group		Parent Company	
TSEK	Dec 31, 2020	Apr 30, 2020	Dec 31, 2020	Apr 30, 2020
Current financial receivables	40,251	40,251	40,251	40,251
VAT receivable	2,628	2,936	2,628	2,936
Other current receivables	184	661	182	660
Total	**43,063**	**43,848**	**43,061**	**43,847**

Current financial receivables comprise a receivable from MGC Capital Ltd. that was acquired under the framework of the settlement with Arwidsro, as described in Note 23 Contingent liabilities, pledged assets and contingent assets.

Note 20 Share capital

Specifications of changes in equity are presented in this report for the Group immediately after the consolidated statement of financial position and in the Parent Company immediately after the balance sheet. The total number of shares as of December 31, 2020 was 448,369,546 type A (448,369,546 as of April 30, 2020) with a quota value of SEK 0.10 per share. All issued shares are fully paid-up. The development of the number of shares since May 1, 2019 is shown below.

	No. of shares	Share capital, SEK
OB May 1, 2019	**224,900,646**	**22,490,065**
2019 Conversion of warrants	24,193,548	2,419,355
2019 Rights issue	199,275,352	19,927,535
CB Apr 30, 2020	**448,369,546**	**44,836,955**
There were no changes in the number of shares or share capital in 2020.		
CB Dec 31, 2020	**448,369,546**	**44,836,955**

Note 21 Other current liabilities

	Group		Parent Company	
TSEK	**Dec 31, 2020**	**Apr 30, 2020**	**Dec 31, 2020**	**Apr 30, 2020**
Cash payments for warrants that proved to be invalid	1,480	1,480	-	-
Employee withholding taxes/social security contributions	3,091	1,891	3,091	1,891
Other	89	117	86	114
Total	**4,660**	**3,488**	**3,177**	**2,005**

Note 22 Accrued expenses and deferred income

	Group		Parent Company	
TSEK	**Dec 31, 2020**	**Apr 30, 2020**	**Dec 31, 2020**	**Apr 30, 2020**
Accrued expenses for disputes and business negotiations	27,202	26,154	27,202	26,154
Accrued employee benefit expenses	15,698	14,335	12,342	10,748
Accrued interest expenses	14,233	9,669	14,233	9,669
Accrued expenses for premises	1,632	-	5,570	-
Accrued expenses for clinical trials	794	3,549	794	3,549
Other accrued expenses	5,185	11,429	4,606	10,972
Deferred income from sales of goods	11,970	-	11,970	-
Other deferred income	545	644	545	644
Total	**77,259**	**65,780**	**77,262**	**61,736**

Note 23 Contingent liabilities, pledged assets and contingent assets

Contingent liabilities

During the 2016/17 fiscal 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 MGC 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 the dismissal of initial procedural objections by the District Court, the case was appealed by MGC to the Svea Court of Appeal and subsequently withdrawn.

Contingent assets

In July 2019, Oasmia acquired a claim on MGC from Arwidsro Investment AB as part of the settlement agreement between Arwidsro and Oasmia. The nominal value of the claim on its acquisition in 2019 amounted to TSEK 60,251, but when the claim 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 claim 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.

Pledged assets

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

Note 24 Cash flow statements

Adjustments for non-cash items

		Group		Parent Company	
TSEK	**Note**	**Dec 31, 2020**	**Apr 30, 2020**	**Dec 31, 2020**	**Apr 30, 2020**
Depreciation, amortization, impairment and disposals: non-current assets	5,11, 12	28,930	20,057	21,163	14,554
Employee stock options	10	610	120	610	120
Impairment of receivables	4,17	-	1,502	-	1,502
Impairment of inventories	7	-	5,404	-	5,404
Unrealized exchange differences		-127	-574	-15	-625
Total		**29,413**	**26,509**	**21,758**	**20,955**

Inflow from new issues

	Group		Parent Company	
TSEK	**Dec 31, 2020**	**Apr 30, 2020**	**Dec 31, 2020**	**Apr 30, 2020**
Conversion of warrants in July 2019	-	75,000	-	75,000
Rights issue in November 2019[1]	-	398,551	-	398,551
Total	**0**	**473,551**	**0**	**473,551**

[1] Of which an advance of TSEK 45,000 was paid in October 2019.

Reconciliation of liabilities from financing activities

Group 2020	Opening balance	Cash flows	Changes that do not affect cash flow		Closing balance
TSEK	May 1, 2020	2020	Transfer between balance-sheet items	Recognized in profit or loss	Dec 31, 2020
Lease liabilities, short-term	5,320	-4,010	2,894	-	4,204
Other borrowings	80,000	-	-	-	80,000

Parent Company 2020	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	May 1, 2020	2020	Recognized in profit or loss	Dec 31, 2020
Other borrowings	80,000	-	-	80,000

Group 2019/2020	Opening balance	Cash flows	Changes that do not affect cash flow			Closing balance
TSEK	May 1, 2019	2019/2020	Restatement of opening balance, IFRS 16	Transfer between balance-sheet items	Recognized in profit or loss	Apr 30, 2020
Lease liabilities, short-term[1]	-	-5,141	5,083	5,378	-	5,320
Convertible debt instruments	59,568	-62,000	-	-	2,432	0
Other borrowings	80,000	-	-	-	-	80,000

[1] This line item has been adjusted compared with how it was presented in the 2019/2020 Annual Report.

Parent Company 2019/2020	Opening balance	Cash flows	Changes that do not affect cash flow	Closing balance
TSEK	May 1, 2019	2019/2020	Recognized in profit or loss	Apr 30, 2020
Convertible debt instruments	59,568	-62,000	2,432	0
Other borrowings	80,000	-	-	80,000

Note 25 Transactions with related parties

Group companies

The Group consists of the Parent Company Oasmia Pharmaceutical AB, the Swedish subsidiaries Qdoxx Pharma AB and Oasmia Incentive AB as well as AdvaVet, Inc. and Oasmia Pharmaceutical, Inc. in the US, Oasmia Pharmaceutical Asia Pacific, Ltd. based in Hong Kong, and Oasmia RUS LLC. in Russia. The subsidiaries are 100% owned. The subsidiaries are thus under the control of the Parent Company. For further information on the Group, see Note 26 Participations in Group companies.

Transactions between Parent Company and subsidiaries

There have been no sales of goods between the Parent Company and the subsidiaries, either during this year or the previous year.

Transactions between Parent Company and Swedish subsidiaries

The following table shows the loan transactions during the year between the Parent Company and the Swedish subsidiaries and the opening and closing liabilities:

	Qdoxx Pharma		Oasmia Incentive	
TSEK	2020	2019/2020	2020	2019/2020
Parent Company's opening liability	42	42	2,741	2,741
Transactions during the year	-	-	-	-
Parent Company's closing liability	**42**	**42**	**2,741**	**2,741**

Transactions between the Parent Company and AdvaVet, Inc., USA

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 fiscal year and only TSEK 544 was recognized as an impairment loss in profit/loss for this year. This transaction has been eliminated in the consolidated accounts and thus has not affected the Group's results. Toward the end of 2020, the Board decided to liquidate AdvaVet, which will be carried out in 2021.

Transactions between the Parent Company and Oasmia Pharmaceutical, Inc., USA
A new US subsidiary was registered in December 2020, Oasmia Pharmaceutical, Inc. No transactions took place between the Parent Company and Oasmia Pharmaceutical, Inc. during the year.

Transactions between the Parent Company and Oasmia Pharmaceutical Asia Pacific, Ltd., Hong Kong
No transactions took place between the Parent Company and Oasmia Pharmaceutical Asia Pacific during the year. There were no dealings between the companies at December 31, 2020.

Transactions between the Parent Company and Oasmia RUS, Russia
During the year, the Parent Company disbursed a loan of EUR 19,000 to Oasmia RUS, which was recognized at TSEK 194. As of December 31, 2020, this remained unsettle, but since management believes that Oasmia RUS will not be able to repay this receivable, it has been written down in the Parent Company. This transaction has been eliminated in the consolidated accounts and thus has not affected the Group's results.

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

In addition to their Board fees, some members of the Board also performed certain other services for which they received the following consultancy fees:

TSEK	2020	2019/2020
Hege Hellström	105	-
Birgit Stattin Norinder	42	-
Sven Rohmann	-	3,952
Jörgen Olsson	-	960
Gunilla Öhman	-	1,040
Total	**147**	**5,952**

Instead of receiving salary, certain other senior executives invoiced consultancy fees totaling TSEK 2,444 (3,378).
There were no other transactions with key individuals.

Transactions with principal owners
No transactions took place during the year between Oasmia and its principal owner.

Note 26 Participations in group companies

Parent Company	Corp. Reg. No.	Domicile	Share of equity, %	Voting rights, %	Carrying amount Dec 31, 2020	Carrying amount Apr 30, 2020
Qdoxx Pharma AB	556609-0154	Uppsala	100	100	50	50
Oasmia Incentive AB	556519-8818	Uppsala	100	100	10	10
AdvaVet, Inc.	E0300362015-6	Nevada, USA	100	100	0	0
Oasmia Pharmaceutical, Inc.	4336484	Delaware, USA	100	100	0	-
Oasmia Pharmaceutical Asian Pacific, Ltd.	2383363	Hong Kong	100	100	0	0
Oasmia RUS, LLC.	1177746442620	Moscow	100	100	0	0
Total					**60**	**60**

	Parent Company	
TSEK	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
Opening cost	122,365	122,315
Investments during the year	-	50
Closing accumulated cost	**122,365**	**122,365**
Opening impairment	-122,305	-12,652
Reclassifications for the year	-	-109,408
Impairment for the year	-	-245
Closing accumulated impairment	**-122,305**	**-122,305**
Closing carrying amount	**60**	**60**

Impairment for the year, TSEK 0 (-245), is recognized in the Parent Company income statement under the item Result from participations in Group companies.

A new Group company was registered in the USA during the fiscal year, Oasmia Pharmaceutical, Inc.

Note 27 Allocation of non-restricted equity

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

SEK	Dec 31, 2020	Apr 30, 2020
Share premium reserve	1,905,072,854	1,904,463,055
Retained earnings	-1,156,888,019	-1,107,956,026
Income for the year	-139,949,081	-50,066,902
Total	**608,235,754**	**746,440,127**

The Board proposes that the 2021 Annual General Meeting resolves that the above amount available of SEK 608,235,754 (746,440,127) be carried forward.

Note 28 Events after closing day

- In February 2021, Heidi B. Ramstad was appointed as Chief Medical Officer.
- In March 2021, Fredrik Järrsten took up the position as Chief Financial Officer. Robert Maiorana, who has been acting CFO since November 2020, will continue as Head of Accounting for the company.
- In March 2021, it was announced that Oasmia had signed an agreement with Kazia Therapeutics, an Australian oncology-focused biotechnology company, to acquire exclusive global development rights for Cantrixil, a product candidate in development intended for the treatment of ovarian cancer.
- A collaboration agreement between Oasmia and Karolinska Institutet in Stockholm was announced in March 2021. The collaboration will include a review of data and experimental methods to gain a deeper understanding of XR-17 and API formulations in various cancer indications with a focus on ovarian carcinoma.
- In March 2021, it was announced that the European Patent Office EPO intends to grant a European patent for Oasmia's XMeNa process patent.
- In March 2021, an arbitral tribunal in Stockholm upheld Oasmia's right to record the assignment of its patents and patent applications in its own name. The arbitral tribunal also ruled that all costs related to the legal dispute to be borne by Ardenia Investments.
- In March 2021, the Swedish Tax Agency completed the audit of the tax years 2017/2018 and 2018/2019 which has been ongoing since 2019. This is reported in the Board of Directors' Report under the heading "Legal issues".
- In April 2021, a Phase 1b trial of Oasmia's Docetaxel Micellar in advanced prostate cancer was granted ethical committee approval.
- In April 2021, Oasmia presented Cantrixil final Phase I data at the 2021 AACR Annual Meeting.
- In April 2021, Oasmia appointed Dr Reinhard Koenig as Chief Scientific Officer.
- In April 2021 Andrea Buscaglia was proposed as new Board member by the Nomination Committee of Oasmia

Note 29 Key definitions

In addition to the key ratios that can be directly seen from the financial statements, the following key definitions are used in this Annual Report:

Equity per share
Equity as a ratio of the number of shares at the end of the period.

Equity/assets ratio
Equity as a ratio of total assets.

Net liability
Total 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
Operating income plus financial income as a percentage of the 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:

TSEK	May 1, 2020 – Dec 31, 2020	May 1, 2019 – Apr 30, 2020
Equity per share		
Equity at end of period, TSEK	680,197	819,389
No. of shares at end of period, thousand	448,370	448,370
Equity per share, SEK	**1,52**	**1,83**
Equity/assets ratio		
Equity at end of period, TSEK	680,197	819,389
Total assets at end of period, TSEK	863,542	1,005,347
Equity/assets ratio, %	**79**	**82**
Net liability, TSEK		
Other borrowings	80,000	80,000
Total borrowings	**80,000**	**80,000**
Short-term investments	247,277	234,080
Cash and cash equivalents	40,128	201,018
Total cash and cash equivalents and short-term investments	287,405	435,098
Net liability	**-207,405**	**-355,098**
Debt/equity ratio		
Net liability, TSEK	-207,405	-355,098
Equity, TSEK	680,197	819,389
Debt/equity ratio, %	**-30**	**-43**
Return on total assets		
Operating income plus financial income, TSEK	-127,355	-28,917
Total assets at beginning of period, TSEK	1,005,347	605,040
Total assets at end of period, TSEK	863,542	1,005,347
Average total assets, TSEK	934,444	805,194
Return on total assets, %	**-14**	**-4**
Return on equity		
Income before taxes, TSEK	-140,270	-43,356
Equity at beginning of period, TSEK	819,389	383,499
Equity at end of period, TSEK	680,197	819,389
Average equity, TSEK	749,793	601,444
Return on equity, %	**-19**	**-7**

Signing of the Annual Report

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

The income statements and balance sheets will be presented for adoption by the Annual General Meeting on May 27, 2021.

Uppsala, April 29, 2021

Anders Härfstrand
Chairman of the Board

Hege Hellström
Board member

Birgit Stattin Norinder
Board member

Peter Zonabend
Board member

Francois Martelet
CEO

Our Auditor's Report was submitted on April 29, 2021

KPMG AB

Duane Swanson
Authorized auditor
Main auditor

Henrik Lind
Authorized auditor

Auditor's Report

To the general meeting of the shareholders of Oasmia Pharmaceutical AB (publ), corp. id 556332-6676

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Oasmia Pharmaceutical AB (publ) for the financial year 2020-05-01–2020-12-31, except for the corporate governance statement on pages 43–49. The annual accounts and consolidated accounts of the company are included on pages 31–42 and 50–81 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43–49. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Capitalized development costs

See note 5 on page 65 and accounting principles on page 59 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Capitalized development costs amount to 420 334 tkr as of 31 December 2020 representing approximately 49% of total assets. An amount of 310 926 tkr relates to Apealea/Paclical while the remaining amount totalling 109 408 tkr is related to Paccal Vet.

Capitalized development costs related to Apealea/Paclical are currently being amortized over their estimated useful life and management is required to assess whether there are any indications of impairment. Management have also performed impairment tests related to Paccal Vet based on the recoverable value based on the discounted cash flows for theses assets.

The assessment of impairment and calculation of recoverable amounts are based on projections and assumptions prepared by management. In regards to Paccal Vet, this includes assumptions related to future revenue streams, gross profit as well as discount rates.

Response in the audit

We have reviewed managements assessment whether there are any indications of impairment of capitalize devlepment costs for Apealea/Paclical. We have also assessed whether the impairment tests related capitalized development costs have been prepared in accordance with IAS 36 Impairment. We have also evaluated the Group's assumptions for future cash flows including sales forecasts and profit margins as well as the discount rate used.

This has included reviewing and evaluating the documentation prepared and performing tests of the assumptions used in the impairment tests.

We have reviewed the sensitivity analysis prepared by management measuring sensitivity to negative changes in material parameters that on an individual or collective basis could result in a need for impairment.

We have also assessed the compliance with the accounting principles and the disclosures related to capitalized development costs included in the annual accounts and consolidated accounts

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–30 and pages 85–86. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Oasmia Pharmaceutical AB (publ) for the financial year 2020-05-01–2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43–49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Oasmia Pharmaceutical AB (publ) by the general meeting of the shareholders on the 9 September 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, April 29, 2021

KPMG AB KPMG AB

Duane Swanson
Authorized Public Accountant

Henrik Lind
Authorized Public Accountant

Quarterly data

Group	2020				2019/2020				
TSEK	Q1 May-Jul	Q2 Aug-Oct	Q3 (shortened) Nov-Dec	Full year (shortened) May-Dec	Q1 May-Jul	Q2 Aug-Oct	Q3 Nov-Jan	Q4 Feb-Apr	Full year May-Apr
Net sales	208	154	120	482	182	252	144	201,265	201,843
Operating loss[2]	-49,220	-53,693	-28,580	-131,493	-35,764	-47,436	-57,563	110,677	-30,086
Earnings after tax[2]	-53,105	-53,538	-33,627	-140,270	-39,783	-18,309	-59,067	106,626	-10,533
Earnings per share, SEK[1/2]	-0.12	-0.12	-0.07	-0.31	-0.13	-0.06	-0.16	0.24	-0.03
Weighted average number of shares, thousand[1]	448,370	448,370	448,370	448,370	303,577	326,313	363,648	448,370	398,395
Equity per share, SEK[1/2]	1.71	1.59	1.52	1.52	1.28	1.22	1.59	1.83	1.83
Equity/assets ratio, %[2]	82	78	79	79	63	67	82	82	82
Net liability	Neg	Neg	Neg	Neg	32 002	50 961	Neg	Neg	Neg
Debt/equity ratio, %[2]	Neg	Neg	Neg	Neg	8	13	Neg	Neg	Neg
Number of employees at end of period	59	49	29	29	55	56	62	63	63

[1] Recalculation of historical values has been done taking into account bonus issue components in the rights issues carried out in the 2019/2020 fiscal year.
[2] Adjusted for error 2017/2018, see Note 4 in the 2019/2020 Annual Report.

Information and contacts

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For more information
Francois Martelet, Chief Executive Officer
Fredrik Järrsten, Chief Financial 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


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