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OASMIA PHARMACEUTICAL AB
ANNUAL REPORT 2018/2019

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

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

OASMIA IN BRIEF

BETTER QUALITY OF LIFE FOR HUMANS AND ANIMALS

Oasmia develops, manufactures, markets and sells a new generation of drugs within human and veterinary oncology. Product development aims to produce novel formulations containing nanoparticles of well-established cytostatics which, in comparison with current alternatives, aim to display improved properties such as a reduced side-effect profile and expanded therapeutic areas. Product development is based on in-house research within nanotechnology and company patents. The company share is listed on NASDAQ Stockholm and the Frankfurt Stock Exchange.

NEW CREATIVE SOLUTIONS FOR PATIENTS AND SOCIETY

Oasmia wants new, creative and safe solutions to permeate everything, from research and development to registration and marketing. The company's vision is to improve and facilitate the treatment of severe diseases. Oasmia wants to contribute to improved quality of life for both humans and animals. The company is therefore developing new and effective preparations with the aim to have a favourable side-effect profile.

The company's aim is to provide patients and doctors with better therapy options, but also to create health economic gains for health care and society. Both efficacy and safety can be optimized by developing new formulations. Greater quality of life is not just a goal, but a natural part of the entire treatment process.

HISTORY

1999
Oasmia Pharmaceutical AB founded.

2004
Clinical trials on Paclical initiated.

2005
Clinical trials on Paccal Vet® initiated.

2006
Oasmia obtains SME status from EMA.

Paclical granted orphan drug status by EMA.

2007
Clinical phase III studies on Paccal Vet initiated.

2008
Clinical phase III studies on Paclical initiated.

2009
Distribution agreement entered into with Abbott Laboratories for Paccal Vet in the US and Canada.

The US Food and Drug Administration (FDA) grants Paclical orphan drug status for the treatment of ovarian cancer in the US.

2010
Licensing agreement entered into with Nippon Zenyaku Kogyo Co. Ltd. for Paccal Vet in Japan.

Oasmia changes trading platform from NGM Equity to NASDAQ Stockholm.

Oasmia submits registration documentation for Paccal Vet to FDA (US).

2011
Oasmia listed on Frankfurt Stock Exchange.

Agreement entered into with Baxter Oncology GmbH for contract manufacturing.

Results from interim analysis demonstrate that Paclical meets the clinical requirement of non-inferiority vis-à-vis Taxol®.

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

2013
Development of OAS-19 initiated, the first drug candidate with two active cytostatics in one infusion.

Oasmia and Pharmasyntez sign an agreement regarding the rights to Paclical in Russia and the CIS.

2014
Paccal Vet obtains conditional approval from the FDA.

Oasmia's production facility approved by both the FDA and EMA.

Oasmia moves to the Mid Cap segment of NASDAQ Stockholm.

2015
Paclical receives market approval for treatment of ovarian cancer in Russia.

Oasmia regains rights to Paccal Vet and Doxophos Vet from Zoetis Inc.

Oasmia listed on Nasdaq Capital Market in New York.

2016
Oasmia applies for market approval for Apealea® (Paclical) in EU.

The company receives positive clinical results for XR17.

Oasmia applies for market approval for Doxophos in Russia.

Clinical trials on Docecal initiated.

New cancer project acquired from Karo Pharma.

2017
Positive results for Apealea (Paclical) reported for breast cancer with weekly treatment.

The company enters into a new exclusive marketing and distribution agreement with Hetero Group for Russia and the CIS.

Doxophos approved in Russia.

Paclical approved in Kazakhstan.

2018
All patients treated in pivotal study on Docecal.

The company's veterinary assets are transferred to the American subsidiary AdvaVet Inc.

The European Commission grants approval for Apealea

2019

Oasmia receives positive opinion from EMA to add efficacy data to the approved Apealea product information.

Extraordinary General Meeting appoints new Board, which initiates a review of the most important areas impacting Oasmia's value.

Oasmia strengthens the management team.

Oasmia reports on the results from the two clinical studies using Docecal in patients with metastatic breast cancer.

Oasmia announces the formation of its Scientific and Business Advisory Boards.

Oasmia is delisted from NASDAQ in the US to reduce complexity and costs.

YEAR IN BRIEF

FINANCIAL YEAR MAY 1, 2018 – APRIL 30, 2019

- Consolidated net sales amounted to TSEK 1,980 (3,169).
- Operating income was TSEK -150,818 (-103,724).
- Net income after tax amounted to TSEK -201,881 (-118,013).
- Earnings per share were SEK -1.04 (-0.71).
- Comprehensive income was TSEK -202,503 (-118,036).

IMPORTANT EVENTS DURING THE YEAR

- Oasmia incorporates its veterinary assets into the subsidiary AdvaVet, Inc.
- Application and market approval for Apealea® in the EU, Norway, Iceland and Lichtenstein
- Pivotal study on Doxophos Vet displayed positive efficacy and safety data
- New agreement entered into with Baxter BioPharma Solutions for commercial production
- New patent for XR17 nanotechnology granted in the US
- Private placement of approximately MSEK 165 before issue expenses carried out
- New Board of Directors elected at Extraordinary General Meeting on March 19
- New Board initiates analysis of the situation in the company
- Management team and organization strengthened
- Positive opinion from the European Medicines Agency to add efficacy data to the approved Apealea product information

KEY FIGURES

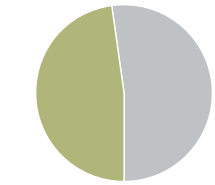
1,102 MSEK

COMPANY'S MARKET CAPITALIZATION AT END OF FINANCIAL YEAR

-1.04 SEK

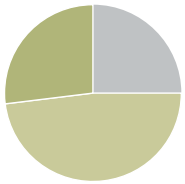
EARNINGS PER SHARE

OASMIA'S EMPLOYEES



- Men 48 %
- Women 52 %

EDUCATION



- Ph.D. 27 %
- Other academic education 48 %
- Other education 25 %

EVENTS AFTER CLOSING DAY

- Oasmia presents results from two clinical studies of Docecal in patients with metastatic breast cancer
- The Board of Directors has appointed a special examiner to give all shareholders basis for decision regarding discharge from liability before the AGM
- The Board of Directors has found questionable transactions between Oasmia and companies controlled by former chairman Julian Aleksov that have not been reported. The Board of Directors has decided to report these transactions to the Swedish Economic Crime Authority
- Sven Rohmann is appointed as interim CEO
- Oasmia announces the formation of its Scientific and Business Advisory Boards
- An agreement has been reached between Oasmia and its largest owner Arwidsro. It is partly about solving earlier unclear balances and partly about supporting the planned commercialization of Oasmia with more capital
- Oasmia has discontinued the engagement and cooperation with the former working chairman Julian Aleksov without any additional compensation to be paid
- Oasmia has been delisted from NASDAQ in the US to reduce complexity and costs
- Oasmia completes its management team with the recruitment of two General Managers to accelerate commercialization of Oasmia

CEO'S COMMENTS

SVEN ROHMANN
is interim CEO of Oasmia since July 1, 2019 and board member since March 2019. He has extensive experience from the pharmaceutical industry and has been CEO of German biotechnology companies and has held senior positions within the industry-leading companies Novartis and Merck-Serono.

CEO'S COMMENTS

Oasmia has long needed new leadership in order to commercialize the company's products. We now have a well-balanced team that includes a CBO, a CMO, a CTO, a CFO and GMs for Europe and the USA, with the experience and standing to make a difference in this exciting period going forward.

Oasmia has a great team of employees. As we look ahead, this will be the most important key to success. For this reason, I am delighted that we also have started adding further commercial and oncology competencies to prepare for the launch and the positioning of our products.

Exciting core technology in XR17
Moreover, we have a very exciting core technology with the potential to really move the needle in the pharmaceutical industry. The XR17 platform is the core and heart in Oasmia. It is a thrilling technology that addresses a significant need. The XR17 formulation is unique in many ways. Since it is vitamin A-based, organic, vegan and does not contain alcohol, it is a solution for everybody regardless of religious beliefs. There are very few such formulations in the pharmaceutical industry.

Therefore, looking at XR17 in a broader perspective, the formulation could have a very wide commercial value and drive. With a combination of XR17 and an API (Active Pharmaceutical Ingredient), new innovative, patent-protectable medicines can be formed, which could mean long-lasting market exclusivity and revenues for Oasmia and potential future partners. In Oasmia's business plan for the years to come, partnerships will be a vital part of our overall strategy. The benefits of XR17 are multiple and the technology is one of few drug delivery technologies that facilitates administration of drugs that have been validated through all clinical development stages, has seen regulatory thorough review prior to market approval, and now have the potential for commercialization.

Short-term focus on commercializing Apealea
We have a market approval in the EU for the indication of ovarian cancer for Apealea - our first product based on XR17. This product will be our main commercial focus in the short term. Our first priority is to sell Apealea to the Nordic and European markets. However, the biggest cancer market is the US and our goal is to aim for an application for Apealea to the FDA in the year 2020.

In great part, our pre-launch efforts will focus on the competitive positioning of Apealea in an oncology market space whose value is driven by drugs harvesting on the ability to use the body's own immune system to fight cancer - so called immuno-oncology drugs. The XR-17 technology features will allow our drugs to become "immuno-oncology friendly" compounds.

Moreover, we continue to invest in medical development aiming for further cancer indications for Apealea in the years to come, in order to boost our sales and market penetration.

Within the veterinarian field we continue to see many opportunities based on our core technology. Our subsidiary for this purpose, AdvaVet Inc., will receive a new management under the leadership of our new GM for North America as well as a new Board of Directors. The previous set-up of AdvaVet was unfortunately insufficient in many ways and very costly.

In summary, Oasmia is in an exciting transition to become a commercially attractive, fully integrated pharmaceutical company. We still have a long road ahead of us, but in my view, Oasmia has all the building blocks to become a successful actor in the cancer treatment market.

SVEN ROHMANN
interim CEO

CHAIRMAN OF THE BOARD'S COMMENTS

JÖRGEN OLSSON
Has been the new Chairman of the Board since 2019 and is independent in relation to Oasmia and the management team and in relation to major company shareholders. He is the former President and CEO of Hoist Finance.

CHAIRMAN OF THE BOARD'S COMMENTS

It has been hectic months since I took over as Oasmia's new Chairman of the Board. It was on March 19, when Oasmia's Extraordinary General Meeting elected a completely new Board on the initiative of Arwidsro, the principal owner. At that point, the new Board immediately took over responsibility of the company.

The task of cleaning up and making a new start for Oasmia has been twofold. The first and highly important part of the task is outlining the future of Oasmia. This in turn deals with the important question of how the company's products and technology platform can best create shareholder value. The work has been started with the support of a new leadership team (see CEO's comments on page 5) and all company employees. This has created a lot of new hope and energy in the company.

The Board and the new management have performed a review of the most important value drivers of Oasmia. With this review as foundation, a launch plan for Apealea and a business plan for the company are now being developed. Moreover, this work as well as other company processes are now also supported and advised by highly reputed Scientific and Business Advisory Boards.

Managed to solve several problems
The second part of the task has been about starting to clear up a number of areas which historically have been handled in questionable ways. I can openly say that it has been, and still remains, a more complicated and time-consuming task than initially expected. But during the summer, we have managed to successfully move forward in several of these problematic areas.

In our year-end report in June, we published parts of the review of the company's history, unresolved ownership/warrant issues and transactions over the years. New information has gradually come to our knowledge and we have taken measures. In the light of a number of unlawful transactions, carried out by the former executive chairman during 2014-2016 and discovered in a tax audit, the company filed a report to the Swedish Economic Crime Authority in July. A special examiner has also been appointed, in order to give all shareholders relevant grounds to judge whether the former management and board can be discharged from liability for the AGM on September 26.

An agreement that added liquidity
In July, we made an agreement with our largest shareholder, Arwidsro. The agreement was made to solve earlier unclear balances and to provide some capital, strengthen the balance sheet and thereby improve the conditions for commercialization of Oasmia. The agreement resulted in Oasmia's liabilities being substantially reduced, equity increased and the company receiving additional liquidity of 35 MSEK.

In August, the board made the decision to delist Oasmia's American Depositary Shares ("ADS") from NASDAQ in the US. This in order to reduce complexity in the organization and costs. The delisting became effective on August 23, 2019.

We will continue to try to give the company a stable financial platform in order to leverage the significant potential of the company's products – not least through the commercialization of our XR17 platform. Our confidence regarding this increases day by day.

JÖRGEN OLSSON
Chairman of the Board

MARKET FOR HUMAN HEALTH

CANCER MARKET – AN OVERWIEW

Cancer is the second most common cause of death in the world today and global data show that in 2018 more than 17 million cases of cancer were diagnosed in the world. According to the World Health Organization (WHO) almost every sixth death is caused by cancer, and in 2018 an estimated 9.6 million people died of cancer. The number of cases of cancer in the world over the coming three decades is expected to increase by 60%. In particular, it is the increased life expectancy worldwide which contributes most to the increase in cancer rates.[1] The market for cancer drugs amounts to almost USD 150 billion and is expected to amount to almost USD 240 billion in 2023.[2] Despite the development and introduction of new drugs for the treatment of cancer, cytostatics are still, in combination with other treatments such as surgery and radiation treatment, the primary form of treatment for cancer worldwide. Cytostatics usually work by preventing the division of cells. The reproduction of cancer cells is thus inhibited and the growth of tumours is suppressed. Many new drugs which have been approved for the treatment of cancer are used together with one or more cytostatics. Furthermore, many drug candidates under development are not water-soluble and require innovative formulations to be able to be used intravenously.

COMPETITION

The main competitor for Oasmia's product Apealea is Abraxane, which is marketed by Celgene in most parts of the world and by Taiho Pharmaceutical Co. Ltd. in Japan. Abraxane contains human albumin bound to paclitaxel. For Celgene alone the product generated revenues of MUSD 1,062 in 2018.[3]

The active substance in Oasmia's product Docecal is docetaxel, whose patent started to expire in 2010. At present competition comes from a number of generic preparations together with the original product Taxotere, which is marketed by Sanofi. Before the patent expired the product had sales of approximately MUSD 3,000 in 2010.

OVARIAN CANCER

Cancer of the ovaries or fallopian tubes is a serious disease that often leads to death if it is detected late and metastases have formed. The symptoms are vague, which means that the disease is difficult to diagnose and that it is often discovered late. Almost 300,000 women are estimated to contract the disease each year and just over 700 cases are reported in Sweden each year.[4] The countries with the highest occurrence of new cancer cases are China, India and the US.

BREAST CANCER

Breast cancer is one of the most common cancers and 2.1 million women are affected each year, according to WHO. Approximately 9,000 women are affected in Sweden each year, according to the Swedish organization Cancerfonden. The survival rate has increased substantially in the past decades, however.

1) Cancer Research UK
2) IQVIA
3) Bloomberg
4) World Cancer Research Fund, Cancerfonden

MARKET DRIVERS

AGEING POPULATION WITH INCREASED INCIDENCE OF CANCER

IMPROVED DIAGNOSTIC AND TREATMENT OPPORTUNITIES

PATIENTS WITH DIAGNOSED CANCER LIVE LONGER

RAPIDLY GROWING GLOBAL MIDDLE CLASS

MANY TRADITIONAL CANCER DRUGS ARE OLD PREPARATIONS WHERE THE PATENT HAS EXPIRED. THIS HAS RESULTED IN GENERIC COMPETITION

MANY NEW MOLECULES ARE EXPECTED TO BE LAUNCHED IN UPCOMING YEARS. THESE PREPARATIONS WILL LARGELY BE USED IN COMBINATION WITH EXISTING CYTOSTATIC DRUGS.

CHANGES ARE EXPECTED IN THE HEALTH AND MEDICAL CARE SYSTEMS IN THE EU

MARKET FOR ANIMAL HEALTH

VETERINARY MEDICINE

The US is the single largest market for domestic pets, with 89.7 million dogs and 94.2 million cats, according to the American Pet Products Association (APPA) 2017-2018 National Pet Owners Survey. 48% of American households have a dog and 38% have a cat. The market for veterinary services for pets was estimated to be USD 15.9 billion in 2016 according to APPA. According to the European Pet Food Industry Federation 2017 Facts & Figures, an estimated 85 million dogs and 103 million cats are kept as pets in Europe.

Dogs in particular are treated with veterinary medicine to a greater and greater degree. According to APPA an estimated 78 percent of all dog owners in the US treated their dogs with pharmaceutical drugs in 2010, compared with 50 percent in 1998. The increased willingness to pay is largely due to a changed attitude among owners to their pets, which are increasingly regarded as a member of the family. Owners are consequently willing to seek high-quality veterinary care for their pets.

CANCER IN ANIMALS

According to the Center for Cancer Research an estimated six million dogs are diagnosed with cancer each year in the US. Cancer in animals is similar to cancer in humans. The risk increases with age. Some cancers are more common in certain species. For example lymphoma is the most prevalent cancer in dogs. Most existing cytostatics for intravenous use have been designed for humans and have not been optimized or clinically tested for animals. This means that it is difficult to make an accurate assessment of the overall market and to predict its growth. Among veterinarians, there is a strong interest in pursuing new methods of treatment specifically adapted to animals.

More drugs are being approved for use in animals and this is expected to contribute positively to the development of the market. Improved knowledge about diagnosing cancer and about the treatment of cancer is leading to more dogs receiving treatment. In addition, access to oncology specialists is improving, and veterinarians tend to be more and more willing to refer to specialists.

MASTOCYTOMA

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

LYMPHOMA

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

MARKET DRIVERS

AGEING POPULATION

STRONGER RELATIONSHIP BETWEEN DOGS AND THEIR OWNERS

INCREASED AWARENESS IN VETERINARIANS

MORE DRUGS APPROVED FOR USE IN ANIMALS

NUMBER OF INSURED ANIMALS INCREASING

PET OWNERS HAVE A NEGATIVE PERCEPTION OF CANCER TREATMENT FOR ANIMALS DUE TO THE FACT THAT THERE HAVE NOT BEEN ANY GOOD DRUGS

ACCESS TO CYTOSTATICS THAT CAN BE USED IN DOGS IS STILL EXTREMELY LIMITED

EXTENSIVE TREATMENTS ASSOCIATED WITH HIGH COSTS

UNDEVELOPED MARKET – MORE EDUCATION IS NEEDED

THE ROUTE TO MARKET APPROVAL FOR HUMAN DRUGS

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 largely the same as for human drugs. In addition to what is stated above, the following should be taken into consideration:

- Clinical studies may be shorter for veterinary drugs.
- As there are few comparative drugs in veterinary medicine, it is possible to compare with placebo. The effect is presumed to be "better than" placebo and thus fewer patients are required to carry out a study on a veterinary drug.
- No studies are performed on people, only on animals.
- The FDA may give conditional approval in certain special cases.
- Phase IV studies, after market approval has been granted, are not as common for veterinary drugs.

PHARMACEUTICALS AND AUTHORITIES

GENERAL RULES

If a pharmaceutical is to be approved for sale in a market, for example in a country, it must first be approved by the country's regulatory authority. As pharmaceuticals are meant for use in people or animals, it is necessary that the pharmaceuticals are safe and have the intended effect. The authorities therefore place high demands on pharmaceuticals and pharmaceutical companies must ensure that their products can meet these demands. The demands are extensive and include how a pharmaceutical is developed and produced, pre-clinical and clinical studies, marketing and follow-up of safety.

Orphan drugs: in the EU a drug for treatment of a life-threatening or chronic disease that affects a very small number of people and which displays considerable benefits in the treatment of the disease may be approved as a so-called orphan drug. The aim is to support the development of pharmaceuticals for less common diseases (minor indications) where the number of patients is low. Applications for orphan drug status in the EU are handled in a central EU procedure while orphan drug status in the US is handled by the FDA.

If a pharmaceutical has obtained orphan drug status, this means:

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

Apealea has orphan drug status for the treatment of ovarian cancer in the US. In Europe Apealea received orphan drug status in 2006 but in connection with the EMA process for market approval of the product a new assessment was made in July 2018 and the company withdrew the application for orphan drug status, as Apealea was not considered to meet all orphan drug criteria. Amongst other things, the prevalence of ovarian cancer is several times higher than the limit that the EU has to classify drugs as orphan drugs.

RULES IN THE US

In the US it is the FDA that regulates the pharmaceuticals market. The authority is responsible for control of everything related to pharmaceuticals for humans and animals. That part of the FDA which handles pharmaceutical applications is to be found in the Center for Drug Evaluation and Research (CDER) (for non-biotechnological human pharmaceuticals), the Center for Veterinary Medicine CVM (for veterinary pharmaceuticals) and the Center for Biologics Evaluation and Research (CBER) (for biotechnological pharmaceuticals). The FDA has somewhat differing application procedures depending on the type of pharmaceutical and the area of use.

Minor use/minor species (MUMS): MUMS designation for veterinary pharmaceuticals is similar to orphan drug status for human pharmaceuticals. Minor use means when a pharmaceutical is intended for treatment of a major species (e.g. horses, dogs, pigs, chickens etc.) for a disease that is non-frequent, is found in a limited area or only affects a few animals each year. Minor species are all animals apart from humans that are not a major species, e.g. aquarium fish, sheep, guinea pigs, bees etc. A company that has applied for and obtained MUMS designation for its pharmaceutical gains certain advantages such as seven years of exclusive marketing rights and being able to apply for financial support for a phase III study.

Conditional approval for veterinary products: a type of limited approval that can be given to a pharmaceutical before all the clinical requirements have been met. The safety requirements must be met in full to receive conditional approval. Approval is also restricted to a certain indication and the pharmaceutical may not be used outside this indication. Conditional approval is conditional on continued clinical development in the years ahead and is valid for up to five years, by which time the company must have applied for standard approval to be able to continue selling the product.

RULES IN THE EU

Approval may be applied for using the central procedure which is administrated by the European Medicines Agency, (EMA) or in the form of national applications in selected EU countries via the decentralized procedure, the mutual recognition procedure or national procedures. Approval via the central procedure is issued by the European Commission and is valid for all EU countries, while approval via the other procedures is national and issued by the respective country's regulatory authority. The central procedure is obligatory for cancer drugs. The national regulatory authorities provide the centralized and non-centralized approval procedures with assessment resources and carry out controls, for example via inspections and by following up safety. The Medical Products Agency is the responsible national authority in Sweden.

If the CHMP's (Committee for Medicinal Products for Human Use) assessment is positive, the product information is then translated into all of the EU's official languages and the matter proceeds to the European Commission for final approval.

RULES IN RUSSIA

Approval of a pharmaceutical in Russia is granted by the Russian Ministry of Health and results in a registration certificate. The application procedure in Russia begins with an application dossier being sent to the Russian health authorities, whereupon a national group of experts is given the task of scientifically reviewing the application. If the experts on quality, safety and efficacy are positive to the application, the final dossier is sent in the next step for final assessment, approval and issuance of a registration certificate. The timetable for an application up until approval is officially 18 months but can vary.

THE BUSINESS

XR17

– NEW GENERATION FORMULATION TECHNOLOGY

A large problem in today's pharmaceutical industry is that many promising substances are insoluble in water. As an adult human body consists of approximately 60% water, insoluble substances must be made water-soluble in order to achieve the desired effect and not cause undesirable adverse effects. In many cases the promising substance is scrapped when it is seen that it is insoluble, in which case different additives must be used in the form of polymers, for example. These additives can at worst give rise to severe adverse effects. This is a common problem in oncology, where many proven effective substances are insoluble and additives are required for these to have an effect. Adverse effects caused by the additives have been accepted as these substances are effective and the alternative would otherwise be that the patient dies.

In the light of this, Oasmia's patented XR17 platform is special, as it is able to make insoluble substances soluble in water. This is done through the formation of nanoparticles in the magnitude of 20 to 60 nanometres. By way of comparison, it can be mentioned that a strand of DNA is two nanometres wide, a red blood cell approximately 7,000 nanometres and a human hair approximately 70,000 nanometres. As XR17 in itself is well tolerated, treatments with insoluble substances can be made more effective and adverse effects eliminated. This leads to both potentially reduced costs for the healthcare and medical service, as the time the patient needs to spend in hospital can be reduced, and also to a health benefit for the patient, as adverse effects are mitigated.

Nanoparticles such as XR17 form so-called micelles and have a water-soluble exterior and a fat-soluble interior, which means that molecules that are insoluble in water are enclosed in the micelle and the result is a water solution of nanoparticles. This function of the platform means that XR17 can be used for a number of different pharmaceutical substances and furthermore a formulation of XR17 can contain more than one active pharmaceutical ingredient.

ADVANTAGES OF XR17

XR17 technology makes it possible to encapsulate both individual APIs and combinations of most APIs with different solubility profiles. The beneficial properties of XR17 have been confirmed by the company's toxicological and clinical studies. The company assesses that possible advantages of XR17 are that it:

- Improves solubility, which results in a safer way of giving APIs to animals and humans;
- Shortens the infusion time, which makes the treatment more convenient for patients;
- Reduces severe hypersensitivity, which makes it possible to give a higher dose of APIs due to reduced toxicity; and
- Improves dosage profiles and combinations of treatments by enabling double encapsulation of water soluble and non-water soluble APIs in a nanoparticle.

RESEARCH, DEVELOPMENT AND PROJECT PORTFOLIO

HUMAN HEALTH

APEALEA/PACLICAL

Apealea/Paclical is a water-soluble formulation of XR17 and paclitaxel. Paclitaxel is one of the most widely used anti-cancer substances in the world and is included in the standard treatment of a variety of cancers such as lung cancer, breast cancer and ovarian cancer. Apealea is a freeze-dried powder dissolved in a conventional solution for infusion. The product is approved for the treatment of ovarian cancer in the EU, Norway, Iceland and Liechtenstein. It is also approved for treatment of ovarian cancer in Russia, where it is called Paclical. Furthermore, the product has orphan drug status in the US for the indication of ovarian cancer. In Russia Paclical is distributed by the company's partner Hetero Group. In Turkey and Israel Medison Pharma owns the distribution rights. A launch team has been formed as a first step in the commercialization of Apealea in the EU.

In addition to the development of Apealea for the treatment of ovarian cancer, the company also intends to increase the commercial potential of Apealea by demonstrating its use potential through several clinical studies. The company assesses that data from the planned studies will generate clinics' interest in the use of Apealea.

DOXOPHOS

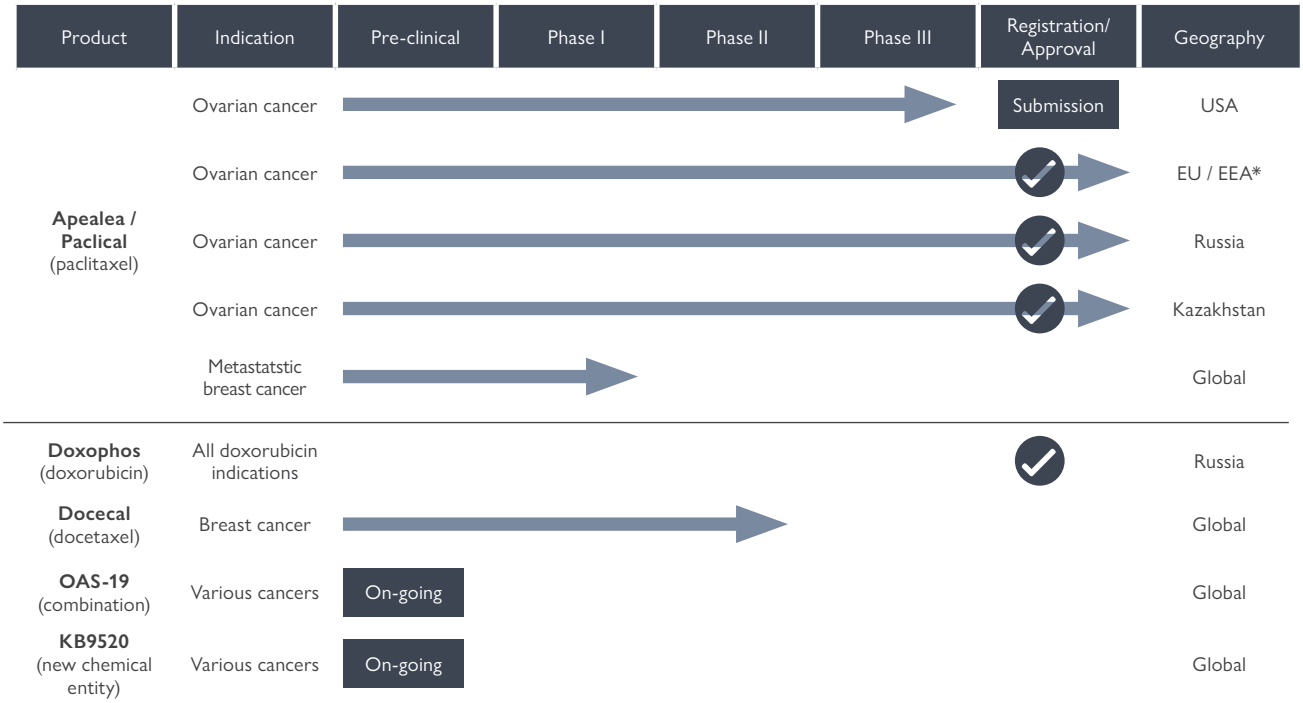
Doxophos is a patented formulation of XR17 and doxorubicin. Doxorubicin has been used in the treatment of cancer since the 1950s. It is used, amongst other things, to treat leukaemia, breast cancer and lymphoma. Oasmia received market approval for Doxophos in Russia in August 2017.

DOCECAL

Docecal is a new formulation of docetaxel, which is a taxane, just like paclitaxel. Docetaxel is the active substance in Taxotere, which is marketed by Sanofi. Docetaxel has been used extensively, above all in the treatment of breast cancer, head and neck cancer, stomach cancer, prostate cancer and non-small-cell lung cancer. Taxotere is given intravenously and contains polysorbate and ethanol. Ethanol can have negative effects on patients and the FDA has specifically issued warnings for injectable drugs containing ethanol.[1] Polysorbate is associated with severe adverse effects such as acute hypersensitivity and oedema. To minimize these side effects, patients often undergo premedication with steroids. Docecal is a nanoparticulate and soluble formulation free of ethanol and polysorbate and does not require

1) https://www.in-pharmatechnologist.com/Article/2014/06/24/Ethanol-diluent-an-intoxication-risk-says-US-FDA

PROJECT PORTFOLIO HUMAN HEALTH



Additional partners: Paclical partnered with Medison Pharma in Turkey & Israel

* EU, Norway, Iceland and Liechtenstein

any pre-treatment. The composition of the excipient used in the development of Docecal differs from that used in the company's other drug candidates and in Apealea, which has received marketing authorization. The excipient in Docecal consists of just one component (XMeNa) instead of two (XMeNa/13XMeNa). XMeNa proved to be just as effective for the solubility of docetaxel via micelle formation as the previously developed composition with two components.

Since 2016, Oasmia has conducted two clinical studies with Docecal; a pharmacokinetic phase I study and a first phase II / safety study.

The results show that Docecal has a bioequivalent pharmacokinetic profile with Taxotere®, that Docecal is associated with fewer side effects, and that the efficacy of the treatments measured as a tumor response is comparable at a later time than that defined in the study protocol. Oasmia is evaluating the results in order to make an overall assessment of the next step for Docecal.

OAS-19

Cytostatic preparations have historically been used as individual preparations. Today combination therapies have become standard treatment for many forms of cancer such as ovarian cancer, first-line breast cancer, prostate cancer and lung cancer. OAS-19 is a combination of XR17 and two frequently used cytostatic substances in one and the same micelle. OAS-19 utilizes a mechanism for double encapsulation and release of the cytostatic substances in one and the same infusion and can form a new platform for future development of product candidates. By combining two cytostatics in one formulation, the company assesses that OAS-19 can give doctors the opportunity to dose cytostatics in one single infusion instead of through two consecutive infusions. Thus, infusion times and treatment costs could be reduced, and hospital visits shortened. The company is evaluating OAS-19 in pre-clinical studies.

KB9520

In November 2016 Oasmia acquired the substance KB9520 from Karo Pharma for MSEK 25 plus future royalty payments of 20% of all of the company's future revenues generated on the basis of the substance. Pre-clinical studies have demonstrated reduced adverse effects of cytotoxic treatment when intake of KB9520 and cytotoxic treatment are combined. KB9520 has also proved to have a good effect on several different types of cancer in pre-clinical models. In these disease models, treatment has proved to result in a significant reduction in tumour size by stimulating apoptosis (programmed cell death) and inhibiting cell growth.

In connection with the final accounts, these patents have been written down in their entirety.

RESEARCH, DEVELOPMENT AND PROJECT PORTFOLIO

ANIMAL HEALTH

ADVAVET INC.

In order to regain full control over Oasmia's Intellectual Property Rights for veterinary purposes, the Board has decided to put the listing plans for the US subsidiary AdvaVet on hold. A new Board will be installed which will review all value generating options for Oasmia in the veterinarian oncology field as well as AdvaVet's planned organization and current cost structure.

The American market is the largest in the field of veterinary medicine and thus of interest. Furthermore, the possibility of MUMS designation means potential financial advantages, and conditional approval a faster route to the market (for more information, see Pharmaceuticals and Authorities, page 10). The European market is also of great interest to AdvaVet. In Europe a much larger percentage of dogs are insured compared to the US, which means that it is cheaper for owners to treat their animals. Due to the cascade principle, veterinarians in the EU must primarily use approved veterinary drugs. This is not the case in the US, where veterinarians are also allowed to use human drugs on dogs in similar situations.

PACCAL VET

Paccal Vet is a new XR17-based formulation of paclitaxel. Paccal Vet is the company's first product candidate in the field of veterinary oncology.

In February 2014 the company received conditional approval under MUMS designation for the American market from the FDA for Paccal Vet for treatment of non-operable mammary tumours in stages III, IV or V and operable and non-operable squamous cell carcinoma. Oasmia withdrew its conditional approval in January 2017 in order to improve the side-effect profile. The possible regulatory and clinical development program is being established for Paccal Vet.

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

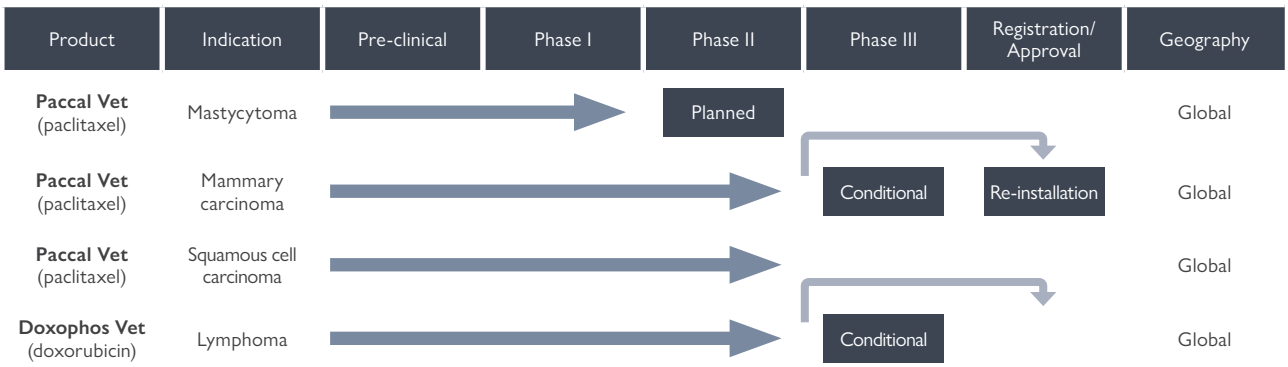
DOXOPHOS VET

Doxophos Vet is a patented formulation of doxorubicin in combination with XR17. Oasmia is developing Doxophos Vet for the treatment of lymphoma, one of the most common forms of cancer in dogs.

Oasmia has conducted a phase I study on Doxophos Vet to determine the dosage for the clinical program. In February 2015 a phase II study was begun whose primary objective is response frequency in the treated dogs. In October 2018 the results from the study were compiled in a clinical study report. These showed that treatment with Doxophos Vet was well tolerated by the treated dogs and that the study had thus achieved its objective. The two study reports for the phase I and phase II studies can form part of the application to the FDA for conditional approval.

The next step in the development program is a field study (phase III) to verify the safety and response in lymphoma.

PROJECT PORTFOLIO ANIMAL HEALTH



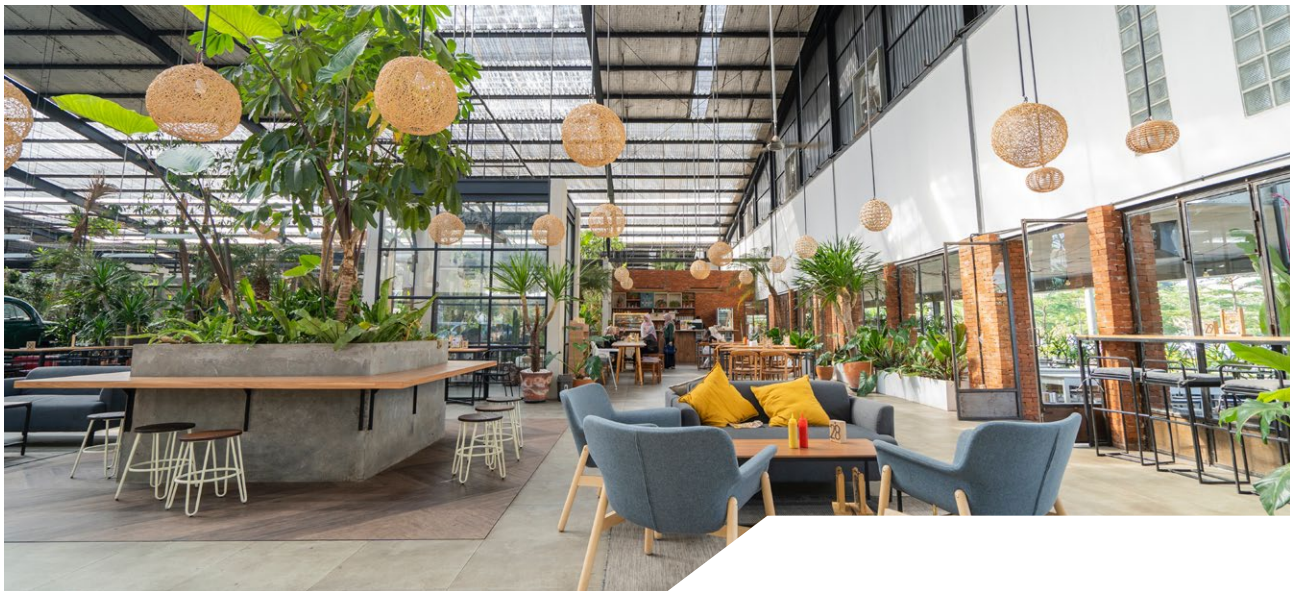
PRODUCTION

Oasmia has approval from, amongst others, the Swedish Medical Products Agency and the FDA in the US to manufacture drugs for both clinical trials and sales. Manufacturing approval requires the maintenance of cGMP (current Good Manufacturing Practice). cGMP ensures that the patient is given drugs that are safe and of the right quality. The authorities carry out regular inspections to ensure cGMP. The inspections at Oasmia have been successful and this means that the quality system and processes are satisfactory and meet cGMP. Work is constantly ongoing at Oasmia to secure and improve the quality system.

The production facility in Uppsala is dimensioned for manufacturing of all the company's products on a small scale. Chemical synthesis of the excipient XR17 and manufacture of the oncology products Apealea/Paclical, Paccal Vet, Doxophos, Doxophos Vet and Docecal can be carried out at the facility.

Manufacture of Oasmia's oncology products is done by mixing the company's patented XR17 with the active substance and a water solution of the product is prepared. In the water solution micelles are formed where the excipient encloses the active substance. The water solution is sterile filtered, filled in vials and freeze-dried. All manufacturing processes are carried out in premises classified as clean rooms, and are constantly monitored to secure the aseptic process and a product of high quality.

Under a five-year production agreement for global commercial production of Apealea that was entered into in November 2018, Apealea will be manufactured by Baxter BioPharma Solution's production facility in Halle/Westfalen, Germany – one of the world's most advanced facilities for contract manufacturing of cytotoxic drugs. The technology and processes have already been transferred to Baxter, and the completed validation results have been approved. The first batch of Apealea for commercial use was manufactured in spring 2019. Contract manufacturing is also used for XR17 in order to match production at Baxter. The transfer of the technology and processes for XR17 were therefore already secured several years ago as part of the strategic planning ahead of the manufacture of Apealea for the market. At Oasmia's own production facility in Uppsala, focus is now shifting to the company's other products.



COMPETENCE AND EXPERIENCE

One of the company's most important assets is the employees' competence and experience. The development of drugs is a complicated process where many specialist competences work together.

The level of education at Oasmia is high – 75 percent of Oasmia's employees at the end of the financial year 2018/19 had a university degree, of which more than a third had a Ph.D. Oasmia works to achieve diversity and the company thus has many employees of different nationalities. This makes Oasmia a dynamic workplace, with a positive and supportive work environment.

The company actively works on improving and ensuring a healthy and safe work environment for its employees. It is important for the company to be a professional and attractive employer where employees thrive and have the opportunity to develop.

The aim is to create a team of employees whose strength drives the company forwards, aided by an efficient organization with short decision paths.

At the end of the financial year 2018/19, the Group had 60 employees, of whom 52 percent were women and 48 percent men. The gender breakdown between managers at the company was 43 percent women and 57 percent men. The company's management team consisted of 44 percent women and 56 percent men.

EDUCATION

- Ph.D. 27 %
- Other academic education 48 %
- Other education 25 %

OASMIA'S MANAGERS

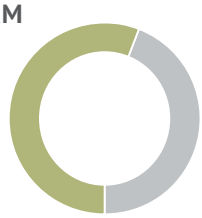
- Men 57 %
- Women 43 %

OASMIA'S EMPLOYEES

- Men 48 %
- Women 52 %

OASMIA'S MANAGEMENT TEAM

- Men 56 %
- Women 44 %



THE SHARE

LISTING AND TRADING

The Oasmia share has been listed on NASDAQ Stockholm since 2010 (ticker OASM) and on the Frankfurt Stock Exchange since 2011 (ticker OMAX). Most of the turnover of shares takes place in Stockholm. The total turnover of Oasmia shares during the financial year was 743 million shares on NASDAQ Stockholm. Oasmia has inadvertently failed to comply with one of the listing rules on the Frankfurt Stock Exchange. This was noted during the year by the Frankfurt Stock Exchange, which has halted trading of the stock. In April 2018, Oasmia applied for delisting from the Frankfurt Stock Exchange. In October 2015, Oasmia was listed on NASDAQ Capital Market in New York (under the ticker OASM). But after the end of the fiscal year, in August 2019, Oasmia decided to delist its American Depository Shares from the Nasdaq Capital Market in the US, in order to reduce costs and complexity. The delisting became effective on August 23, 2019.

PRICE TREND

The company's market capitalization increased from MSEK 889 to MSEK 1,102 during the financial year. The chart below shows the share price on NASDAQ Stockholm throughout the financial year.

DIVIDEND POLICY

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

AUTHORIZATIONS

At the Annual General Meeting held on September 25, 2018, an authorization was granted to the Board, effective until the next Annual General Meeting, to be held on September 26, 2019. The authorization allows the issue of no more than 62 million shares (also including additional shares after warrants or convertibles issued by virtue of the authorization are utilized or converted).

The authorization was utilized to enable the private placement of 22,948,535 shares which was communicated on March 4, 2019.

FINANCING DURING THE YEAR, SHARE ISSUES AND CONVERTIBLE LOANS

A number of measures were taken during the year with regard to financing:

- A convertible loan of TSEK 35,200 was issued in September 2018. During the year TSEK 24,200 of this loan was converted to shares. At the end of the financial year TSEK 11,000 of this convertible loan remained.
- A convertible loan of TSEK 80,000 was issued in October 2018. Payment of TSEK 29,000 of this loan has never been received and the right to subscribe has thus expired. At the end of the financial year TSEK 51,000 of this convertible loan remained.
- A private placement of MSEK 165 before issue expenses was carried out in March 2019.
- After the end of the financial year, in July 2019, an agreement was made between Oasmia and Arwidsro. As a result, Oasmia's liabilities decreased by approximately MSEK 60, equity increased by approximately MSEK 95. The immediate cash effect was positive by MSEK 35.

SHARE CAPITAL

At the end of the financial year, the share capital amounted to SEK 22,490,064.60, distributed on 224,900,646 shares with a quotient value of SEK 0.10 per share. After the end of the financial year, in July 2019, the agreement between Oasmia and Arwidsro led to the number of shares and votes increasing to 249,094,194 and the share capital to SEK 24,909,419.40.

OASMIAS SHARE MAY 2018 – APR 2019

SEK
6.24
30 April, 2019

ADMINISTRATION REPORT

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

Oasmia has two approved products: Apealea or Paclical, which has been approved in EU, Russia and Kazakhstan for the treatment of ovarian cancer, and Doxophos, which has been approved in Russia for a large number of indications.

BUSINESS ACTIVITIES

XR17

XR17 is Oasmia's patented excipient, or vehicle, which can make insoluble molecules water soluble by forming nanoparticles, which are immediately dissolved in the bloodstream without using solvents. This results, amongst other things, in shorter infusion times and no need for premedication of patients. In November 2018 a new manufacturing patent was granted in the US for XR17 and all products manufactured using XR17. The patent is valid until 2036.

HUMAN HEALTH

Paclical / Apealea

Apealea is a patented formulation of paclitaxel in combination with Oasmia's XR17 nanotechnology, which is also patented. The product is called Paclical in Russia but Apealea in Europe. The product is approved for the treatment of ovarian cancer in the EU, Russia and some further markets.

Doxophos

Doxophos is a patented formulation of the cytostatic doxorubicin in combination with XR17. Doxorubicin is one of the most effective and widely used substances for the treatment of cancer. Oasmia has received market approval for Doxophos in Russia as a hybrid pharmaceutical (improved generic pharmaceutical) for many forms of cancer, amongst other things cancer of the blood, the skeleton, the breast, the prostate and the lungs.

Docecal

Docecal is a patented formulation of the cytostatic docetaxel in combination with XR17.

OAS-19

OAS-19 is the first cancer drug to apply two active cytostatics in one infusion. It is the unique properties of XR17 that make this combination possible. Pre-clinical studies have shown promising results.

KB9520

KB9520 is a substance acquired from Karo Pharma in November 2016. In pre-clinical studies, the substance has shown that it contributes to reduced side effects of treatment with cytostatics when intake of KB9520 and cytostatic treatment are combined in the treatment of several types of cancer and results in a significant reduction in tumour size.

In connection with the final accounts, these patents have been written down in their entirety.

ANIMAL HEALTH

Paccal Vet

Paccal Vet is a patented formulation of paclitaxel in combination with XR17 and is intended for use in dogs. Paccal Vet is identical to Apealea, which is for human use.

Doxophos Vet

Doxophos Vet is a patented formulation of doxorubicin in combination with XR17. Oasmia is developing Doxophos Vet for the treatment of lymphoma, which is one of the most common cancers in dogs.

BUSINESS ACTIVITIES IN THE SUBSIDIARIES

Oasmia Pharmaceutical AB's subsidiaries in Sweden and Hong Kong are dormant.

The Russian subsidiary works on regulatory issues in Russia and certain other countries in the Commonwealth of Independent States (CIS). These are purely intra-Group services and the subsidiary has thus not had any external revenues. All its services have been invoiced to the Parent Company.

The subsidiary in the US is named AdvaVet Inc. In May 2018 the Parent Company entered into a transaction to transfer the rights to the two veterinary products Paccal Vet and Doxophos Vet to AdvaVet, Inc., a wholly-owned subsidiary in the US. The aim of the transaction was to create conditions for new financing to complete the development of and commercialize these products, primarily through a separate listing of AdvaVet. As previously stated, the Parent Company has assessed that AdvaVet is not suitable for a separate listing and furthermore that it is difficult for AdvaVet to achieve some other reasonable financing, including from the Parent Company, solely by virtue of its rights to the two veterinary products.

IMPORTANT EVENTS DURING THE FINANCIAL YEAR

- Oasmia incorporates its veterinary assets into the subsidiary AdvaVet, Inc.
- Application and market approval for Apealea® in the EU, Norway, Iceland and Lichtenstein
- Pivotal study on Doxophos Vet displayed positive efficacy and safety data
- New agreement entered into with Baxter BioPharma Solutions for commercial production
- New patent for XR17 nanotechnology granted in the US
- Private placement of approximately MSEK 165 before issue expenses carried out
- New Board of Directors elected at Extraordinary General Meeting on March 19
- New Board initiates analysis of the situation in the company
- Management team and organization strengthened
- Positive opinion from the European Medicines Agency to add efficacy data to the approved Apealea product information

Financing during the year

A number of measures have been taken during the year with regard to financing:

- A convertible loan of TSEK 35,200 was issued in September 2018. During the year TSEK 24,200 of this loan was converted to shares. At the end of the financial year TSEK 11,000 of this convertible loan remained.
- A convertible loan of TSEK 80,000 was issued in October 2018. Payment of TSEK 29,000 of this loan has never been received and the right to subscribe has thus expired. At the end of the financial year TSEK 51,000 of this convertible loan remained.
- A private placement of MSEK 165 before issue expenses was carried out in March 2019.

These financing measures are described in more detail under the heading “Financing”.

Principal owner

Per Arwidsson is the company’s largest owner through his company Arwidsro Investment AB and at closing day Per Arwidsson owned 16.6 percent of the company through private ownership, through related entities and through a company. At July 31, 2019 the principal owner’s participating interest was 24.7 percent through private ownership, through related entities and through a company.

New acting CFO

CFO Anders Blom terminated his employment in March 2019 and was replaced by acting CFO Joakim Lindén.

IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- Oasmia presents results from two clinical studies of Docecal in patients with metastatic breast cancer
- The Board of Directors has appointed a special examiner to give all shareholders basis for decision regarding discharge from liability before the AGM
- The Board of Directors has found questionable transactions between Oasmia and companies controlled by former chairman Julian Aleksov that have not been reported. The Board of Directors has decided to report these transactions to the Swedish Economic Crime Authority
- Sven Rohmann is appointed as interim CEO
- Oasmia announces the formation of its Scientific and Business Advisory Boards
- An agreement has been reached between Oasmia and its largest owner Arwidsro. It is partly about solving earlier unclear balances and partly about supporting the planned commercialization of Oasmia with more capital
- Oasmia has discontinued the engagement and cooperation with the former working chairman Julian Aleksov without any additional compensation to be paid
- Oasmia has been delisted from NASDAQ in the US to reduce complexity and costs
- Oasmia completes its management team with the recruitment of two General Managers to accelerate commercialization of Oasmia

FINANCIAL INFORMATION

Net sales

Net sales amounted to TSEK 1,980 (3,169) and consisted of sales of goods to the tune of TSEK 1,287 (630), sales of supplies to the tune of TSEK 276 (162) and of royalties of TSEK 417 (0). A milestone payment of TSEK 2,069 for the rights for a partner to sell Paclical in certain markets was invoiced during the year. This revenue has been recognized pursuant to the new IFRS 15 reporting standard, which means that the amount has been divided up into a financing component and a transaction price. These have then been distributed over the expected useful life. This resulted in TSEK 121 being recognized as revenue during the year. This amount is included in the above-mentioned royalty figure.

Last year’s net sales also included invoiced distribution rights of TSEK 1,595 in connection with the agreement entered into with the Russian distributor.

Change in inventories of products in progress and finished goods
The change in inventories of products in progress and finished goods amounted to TSEK -5 148 (-1,450).

Capitalized development costs

Capitalized development costs, which refer to phase III clinical trials for the product candidates Paclical and Paccal Vet, amounted to TSEK 8,431 (9,157). The capitalized development costs during the year are attributable to Paclical in their entirety. The Paccal Vet studies did not have any activity during the year. Most of the capitalization of development costs during the previous year was also for Paclical.

Other operating income

Other operating income amounted to TSEK 755 (1,753). A payment of TSEK 1,300 was received during the previous year in connection with a legal dispute. This was reported as Other operating income.

Operating expenses

Operating expenses, including depreciation, amortization and impairments, were higher than for the previous year and amounted to TSEK 156,837 (TSEK 116,352). The increase is largely attributable to increased expenses in the American subsidiary and to impairments of intangible assets.

The number of employees at the end of the financial year was 60 (58).

Income tax

Due to the AdvaVet business deal, a deferred tax expense of TSEK 32,822 (0) has been recognized in the consolidated income statement. A corresponding deferred tax liability has been recognized in the consolidated statement of financial position. Calculation of the deferred tax effect has been based on the American tax rate.

This does not impact the cash flow during the year, however.

Net loss for the year

The net loss after tax was TSEK 201,881 (118,013). The difference between the periods is primarily due to this year's deferred tax expense, to higher expenses in the American subsidiary and to impairments of intangible assets. Furthermore, net financial items for the year involved a deterioration, TSEK -18,240 (-14,289) compared to the previous year.

The Group's business activities were not affected by seasonal variation or cyclical effects.

Cash flow and capital expenditure

The cash outflow from operating activities was TSEK 118,839 (123,634). The improvement compared to last year is primarily attributable to the positive development of working capital and lower interest paid. Interest payments made were lower this year than during last year, despite the fact that interest expenses were higher, due to the positive development of Oasmia's share price in the latter part of 2018. This has meant that large parts of convertible loans outstanding have been converted to equity, which has meant that the interest has indeed been recognized as a financial expense, but it has not been necessary to pay it.

The cash outflow from investing activities was TSEK 14,031 (21,452) Capital expenditure during the year comprised investments in intangible assets of TSEK 9,536 (21,037) and consisted of capitalized development costs of TSEK 8,341 (9,157) and of patents of TSEK 1,105 (11,881). Investments in property plant and equipment were TSEK 2,495 (415). These investments comprised capital expenditure for production equipment.

The cash inflow from financing activities amounted to TSEK 233,500 (132,656). This was due to an inflow of TSEK 119,200 (21,000) from the issuance of convertible loans, of which TSEK 33,000 comprised convertible loans issued during the previous financial year, but not paid for at April 30, 2018.

A private placement was carried out in March 2019, which after a deduction for issue expenses resulted in an inflow of TSEK 155,451.

In addition to this inflow, borrowings of TSEK 37,552 were repaid and issue expenses amounting to TSEK 3,617 were paid in connection with convertible issues and conversions.

Financing

Arbitration proceedings, etc. with Arwidsro Investment AB

On November 1, 2018 Oasmia announced through a press release that the English company MGC Capital Ltd (MGC) had utilized approximately 25.8 million warrants to subscribe for shares and made payment through the partial set-off of a claim on Oasmia that MGC had purchased from Nexttobe on an instalment basis. Approximately 23.2 million of these warrants had been issued to Arwidsro Investment AB (Arwidsro) as part of a financing agreement announced by Oasmia on January 2, 2018.

Oasmia's previous understanding was that approximately 23.2 million of the warrants had been transferred to MGC. However, Arwidsro has not consented to or in any other way taken part in any transfer of its warrants to MGC.

On November 15, 2018 Arwidsro applied for a court order for precautionary measures pursuant to chapter 15 section 3 of the Swedish Code of Judicial Procedure and the application was granted through a ruling announced by Stockholm District Court the same day. The ruling stopped Oasmia from taking further measures to carry out the issue of 23.2 million shares to MGC through utilization of the warrants.

On November 9, 2018 Arwidsro requested that Oasmia issue certificates for the warrants. Arwidsro has subsequently repeated its request to Oasmia on a number of occasions that the certificates be issued.

On December 3, 2018 Oasmia invoked arbitration proceedings for an arbitration tribunal to determine that Oasmia was not obliged to take a loan from Arwidsro and that Arwidsro was not entitled to the 23.2 million warrants and was obliged to return these warrants. Arwidsro filed a counteraction demanding that Oasmia issue certificates for the aforesaid warrants.

After extensive investigation initiated by Oasmia's current Board of Directors, Oasmia has not been able to establish that Oasmia's previous Board had evidence to regard MGC as the owner of the warrants. Oasmia's current Board assesses that the new issue of shares intended through the exercise of warrants and offsetting against the claim on Oasmia on October 31, 2018 cannot be condidered valid. Thus, the claim of approximately MSEK 80 that MGC then tried to offset against their loan to Oasmia has been recorded as a liability in Oasmia. Furthermore, in the assessment of Oasmia's current Board, MGC has not been able to demonstrate that MGC was the holder of the warrants in question.

On July 5, 2019, an agreement was reached between Oasmia and its largest owner Arwidsro. It was partly about resolving previous uncertainties and partly about adding Oasmia capital to continue the investment going forward.

The agreement was implemented in several steps but in short meant that:

- Oasmia called for payment under the aforementioned financing obligation of MSEK 75.

- Oasmia acquired for approximately MSEK 40.2 Arwidsro's payment claim at MGC of at least MSEK 60.2. The difference, MSEK 20, will be added to Oasmia as a positive result. Since Oasmia has a debt to MGC of MSEK 80, it has been set off to approximately MSEK 20 under this agreement. However, MGC has only acknowledged approximately MSEK 35.5 of this claim and the remaining approximately MSEK 25 is subject to dispute in Stockholm District Court.
- Arwidsro exercised a total of 24.2 million warrants, which provided Oasmia with SEK 75 in equity. These warrants have been granted and registered for Arwidsro in January 2018, with a subscription price of SEK 3.10 per new share.

In total, the result of this was that Oasmia's liabilities decreased by approximately MSEK 60, equity increased by approximately MSEK 95, of which an estimated profit effect of MSEK 20. The immediate cash effect was positive with MSEK 35.

In accordance with the above, the number of shares increased by 24,193,548 new shares. The total number of shares subsequently amounts to 249,094,194 shares.

Claim from 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 (see above). The claim is set at approximately MSEK 80 plus interest and additional claims for damages of approximately MSEK 230. It is based on the assumption that MGC was entitled to the warrants and that in November 2018 disposed of all its shares. MGC has subsequently applied for lawsuits regarding the above requirements. Oasmia's Board of Directors thus considers that MGC's two claims have no merit and has disputed it.

Convertible loans no longer outstanding

In April 2017, a convertible loan was issued comprising 26 convertible instruments at a price of TSEK 1,000 each, in total TSEK 26,000. This convertible loan carried interest of 8.5% and matured on April 18, 2018. Upon maturity accrued interest was paid while the principal was replaced by short-term promissory notes which carried interest of 8.5%. These have been repaid in full during the year.

In November 2017, a convertible loan was issued comprising 28 convertible instruments at a price of TSEK 1,000 each, in total TSEK 28,000. This loan carried 8.0 percent interest and matured on November 30, 2018 unless there was prior conversion. All these convertibles were converted, however, before maturity at a price of SEK 3.10 per share and thus a total of 9,032,258 new shares were issued.

In April 2018, a convertible loan was issued comprising 26 convertible instruments at a price of TSEK 1,000 each, in total TSEK 26,000. This loan carried interest of 8 percent and matured on April 22, 2019, unless there was prior conversion. All these convertibles were converted, however, during the year at a price of SEK 4.90 per share and thus a total of 5,306,118 new shares were issued.

Convertible loans outstanding at April 30, 2019

In September 2018, a convertible loan was issued comprising 32 convertible instruments at a price of TSEK 1,100 each, in total TSEK 35,200. This loan carries interest of 8 percent and matures on September 7, 2019, unless there is prior conversion. These convertibles can be converted at a price of SEK 7.70 per share. Full conversion would entail the issue of 4,571,424 new shares. During the year TSEK 24,200 of this loan was converted, and thus 3,142,854 new shares were issued. In the event of conversion of the remaining convertibles, a further 1,428,570 new shares would be issued.

On October 31, 2018, a convertible loan was issued comprising 40 convertible instruments at a price of TSEK 2,000 each, in total TSEK 80,000. One of the subscribers has not paid for his subscription, however, corresponding to 14.5 convertible instruments, in total TSEK 29,000. As these convertible instruments were not paid for by April 30, 2019 the subscription rights have expired and corresponding items have been derecognized in Oasmia's books under "Other current receivables" and "Convertible debt instruments" to the tune of TSEK 29,000. This means that the remaining convertible loan amounts to TSEK 51,000. This carries interest of 5 percent and matures on October 30, 2019, unless there is prior conversion. These convertibles can be converted at a price of SEK 14.50 per share. Full conversion would entail the issue of 3,517,236 new shares.

Other financing

Furthermore, at April 30, 2018 there were non-negotiable promissory notes totalling TSEK 6,000. This sum was repaid during the year.

In March 2019 a private placement was carried out whereby 22,948,535 shares were issued at a price of SEK 7.19 per share, which resulted in TSEK 165,000 in new share capital minus issue expenses. There were issue expenses of TSEK 9,549 in connection with the new share issue.

Loan commitments outstanding

Alceco International S.A.

At April 30, 2019 the company had a credit facility of TSEK 40,000 (40,000) from the company's previous principal owner, Alceco International S.A. This credit facility was unutilized at April 30, 2019, as was the case at April 30, 2018. Notice of termination of this credit facility was given by Alceco International S.A. in March 2019 and the credit facility expires on December 31, 2019, in Oasmia's judgment. Interest upon utilization is 5 percent per annum. However, Alceco must be assumed to be insolvent and this credit facility be of no value.

Arwidsro Investment AB

At April 30, 2019, the company had a loan commitment outstanding of TSEK 75,000 (75,000) from Arwidsro Investment AB. This loan was paid out in conjunction with the settlement between Oasmia and Arwidsro on July 5, 2019.

Bank overdraft facility

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

Financial instruments outstanding that can increase the number of shares in the company

As of April 30, 2019, the number of outstanding financial instruments was as follows:

	NUMBER OF WARRANTS AND CONVERTIBLES	MAXIMUM DILUTION, NUMBER OF SHARES	ISSUE PRICE
Warrants which can be converted to three shares	1,280,250	3,840,750	USD 4.06
Warrants which can be converted to one share, Board and management	5,543,182	5,543,182	SEK 6.37
Warrants which can be converted to one share, others	140,352	140,352	USD 1.69
Warrants which can be converted to one share, Arwidsro Investment AB	24,193,548	24,193,548	SEK 3.10
Convertible loan expiring September 7, 2019	10	1,428,570	SEK 7.70
Convertible loan expiring October 30, 2019	25,5	3,517,236	SEK 14.50
Maximum number of shares		**38,663,638**	

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.

Warrants that can be converted to one share are from the 2017:1 and 2017:2 warrants programmes for the Board and management. One warrant entitles the holder to subscribe for one share at a price of SEK 6.37 during the period June 16, 2019 until August 16, 2019. No shares were subscribed for under these warrants programmes. These warrants programmes subsequently expired in their entirety at August 16, 2019.

Warrants which can be converted to one share, others, are warrants issued in 2015 and which expire on October 28, 2020. One warrant entitles the holder to subscribe for one share at a subscription price of USD 1.69.

Warrants which can be converted to one share, Arwidsro Investment AB, are warrants issued in 2018 and which expire on August 15, 2019. One warrant entities the holder to subscribe for one share at a subscription price of SEK 3.10. These warrants were utilized in their entirety to subscribe for shares in conjunction with the settlement between Arwidsro and Oasmia on July 5, 2019.

The convertible loan which expires on September 7, 2019 entitles the holder to subscribe for shares at a subscription price of SEK 7.70 per share.

The convertible loan which expires on October 30, 2019 entitles the holder to subscribe for shares at a subscription price of SEK 14.50 per share.

Financial position

The consolidated cash and cash equivalents at the end of the period totalled TSEK 116,272 (15,580). Interest-bearing liabilities were TSEK 139,568 and consisted of convertible debt instruments and a loan from MGC. The corresponding amount the previous year was TSEK 187,260 and consisted of a loan from Nexttobe, convertible debt instruments and non-negotiable promissory notes.

Unutilized bank overdraft facilities at the end of the period amounted to TSEK 5,000 (5,000).

At April 30, 2019 the company had a credit facility of TSEK 40,000 (40,000) from the company's previous principal owner, Alceco International S.A. This credit facility was unutilized at April 30, 2019, as was the case at April 30, 2018. Notice of termination of this credit facility was given by Alceco International S.A. in March 2019 and the credit facility expires on December 31, 2019, in Oasmia's judgment. Interest upon utilization is 5 percent per annum. However, Alceco must be assumed to be insolvent and this credit facility be of no value.

At April 30, 2019 the company had a loan commitment outstanding of TSEK 75,000 (75,000) from Arwidsro Investment AB. This loan was paid out in conjunction with the settlement between Oasmia and Arwidsro on July 5, 2019.

At the end of the year equity amounted to TSEK 393,178 (TSEK 345,036), the equity/assets ratio was 64% (61%) and the net debt/equity ratio was 6% (50%).

Future financing

Oasmia has two products approved, but this does not allow the company's business operations to generate sufficient cash flow. Work is therefore continuously conducted on finding other financing alternatives. This works includes the company engaging in discussions with potential collaboration partners about the licensing of distribution and sales rights, negotiations with new and existing investors, financiers and lenders, and the company securing resources so that future forecast revenue flows from regions where the company's products are registered materialize.

The Group's available cash and cash equivalents and unutilized credit facilities at April 30, 2019 do not provide the liquidity necessary to run the planned business operations in the coming 12 months. In the light of the ongoing work on possible financing alternatives and the recent development of the company, it is the Board's assessment that the outlook is good for financing the company's business operations during the coming year. If sufficient financing is not obtained, there is a risk that it may not be possible to continue operations.

Parent Company

The Parent Company's net sales for the financial year amounted to TSEK 1,980 (3,169) and income before taxes was TSEK -157,988 (-118,964). At the end of the financial year the Parent Company had cash and cash equivalents of TSEK 115,112 (15,227).

Key ratios and other information

For definitions and other calculations of key ratios, see Note 31.

TSEK	MAY 1, 2018 -APR 30, 2019	MAY 1, 2017 -APR 30, 2018
Number of shares at end of year, before and after dilution, in thousands *	224,901	176,406
Weighted average number of shares, before and after dilution, in thousands *	193,368	166,196
Earnings per share, before and after dilution, SEK *	-1.04	-0.71
Equity per share, SEK	1.75	1.96
Equity/assets ratio, %	64	61
Net liability, TSEK	23,296	171,680
Debt/equity ratio, %	6	50
Return on total assets, %	neg	neg
Return on equity, %	neg	neg
Number of employees at year-end	60	58

Five-year highlights – Group

TSEK	2018/19	2017/18	2016/17	2015/16	2014/15
Net sales	1,980	3,169	172	6,373	2,070
Change in inventories of products in progress and finished goods	5,148	-1,450	-1,405	9,509	-
Capitalized development costs	8,431	9,157	7,023	16,727	16,797
Operating expenses	-156,837	-116,352	-146,691	-165,301	-127,313
Operating income	-150,818	-103,724	-140,481	-132,691	-108,225
Income after tax	-201,881	-118,013	-160,243	-141,539	-117,497
Earnings per share, SEK*	-1.04	-0.71	-1.39	-1.36	-1.26
Weighted average number of shares, in thousands*	193,368	166,196	115,254	103,788	93,488
Equity per share, SEK	1.75	1.96	2.33	2.98	3.76
Equity/assets ratio, %	64	61	58	63	73
Net liability	23,296	171,680	140,724	93,730	30,010
Debt/equity ratio, %	6	50	47	29	8
Number of employees at year-end	60	58	66	75	79

* Recalculation of historical values has been done taking into account capitalization issue elements in the rights issues carried out in the financial years 2014/2015 and 2017/18.

THE SHARE

Oasmia's shares are listed on the Mid Cap list of NASDAQ Stockholm and the Frankfurt Stock Exchange. The share capital at the end of the financial year amounted to SEK 22,490,064.60, divided into 224,900,646 shares with a par value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. 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 April 30, 2019, the number of known shareholders amounted to 14,134. The largest shareholder in terms of number of votes at April 30, 2019 was Per Arvidsson together with related parties, with 16.6% of the votes and shares.

LEGAL ISSUES

Oasmia is not and has not over the past twelve months been a party in any legal proceedings or arbitration that has had or could have a significant impact on Oasmia's financial position or profitability, with the following exceptions:

- Oasmia has inadvertently failed to fulfil one of the listing rules of the Frankfurt Stock Exchange. This was noted by the Frankfurt Stock Exchange and they thus suspended trading of the share. Oasmia applied for delisting from the Frankfurt Stock Exchange in April 2018. This process is still ongoing.
- Oasmia has opened arbitration proceedings against Arwidsro regarding the right to subscription rights. This dispute was settled in July 2019.
- Arwidsro has sued Oasmia for safeguard measures regarding the subscription rights MGC Capital Ltd intended to use for subscription of shares even though they were owned by Arwidsro. This dispute was settled in July 2019.
- On June 28, 2019, MGC Capital AB submitted a summons application against Oasmia to Uppsala District Court with a claim for damages of approximately MSEK 230. MGC later in August 2019 sued for MSEK 80 plus interest. Oasmia regards the law suits to be without merits.
- Oasmia, following notification to the Swedish Economic Crime Authority regarding certain related transactions, has become the subject of a possible Class Action Suit in the United States.

ENVIRONMENTAL ACTIVITIES

Oasmia's business activities consist of research, development and production at the facility in Uppsala, where large quantities of chemicals are handled. The activities are subject to registration in accordance with the regulation (1998:899) on environmentally hazardous activities and protection of health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

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

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

PERSONNEL

The average number of employees during the financial year was 58 (59). Of these, 28 (28) are women and 30 (31) are men. The number of employees at year-end was 60 (58). Salaries, benefits and social security expenses totalled TSEK 51,171 (47,655). For more information, see Note 11.

For information on the guidelines for remuneration to senior executives adopted at the 2018 Annual General Meeting, please refer to the Corporate Governance Report on pages 30-33. Regarding compensation paid to senior executives for the financial year 2018/2019, see Note 11 and Note 27.

ANNUAL GENERAL MEETING 2019

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Thursday, September 26, 2019 at the company's headquarters in Uppsala.

Proposals for Annual General Meeting 2019

The Board's proposed agenda for the 2019 Annual General Meeting will be submitted in combination with the notice.

Dividend

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

Guidelines for remuneration to senior executives

The Board proposes that the 2019 Annual General Meeting adopt the following guidelines for remuneration to senior executives at Oasmia, which will apply from the 2019 Annual General Meeting to the 2020 Annual General Meeting. By senior executives is meant

the CEO and other members of the management team at Oasmia, as well as members of the Board to the extent they receive remuneration for other work than their Board assignment.

Salary and other benefits
Remuneration to senior executives shall consist of a salary in line with market rates, pension provisions and health insurance.

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

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

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

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

Risk and risk management
All business involves risk and risk management is an important part of decision making at all levels. The risks entailed by Oasmia's activities can be divided into operational, financial and legal risks. The most significant operational and legal risks and, when appropriate, their management are described below. The financial risks and their management are described in Note 19.

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.

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

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

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

The development of pharmaceuticals requires pre-clinical and clinical trials 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 unfavourable and can lead to the discontinuation, reconsideration or supplementation of the study.

For a drug to be marketed and sold, approval is required from the relevant drug authority in the geographic territory. Application for market approval includes 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.

Oasmia seeks to reduce the risks associated with the development and registration of drugs by using already well-known compounds (cytotoxins) and the same excipient (XR17) in each product candidate and by operating with the same product content for both dogs and humans.

In addition to the above operational risk profile regarding drug approval, there is the legal complication that most of the patents that Oasmia has access to are still registered in the name of the related company Ardenia Investment Ltd., which is controlled by Julian Aleksov and Bo Cederstrand. Ardenia's involvement may thus complicate applications etc. to drug authorities and other bodies on the basis of patents which are available to Oasmia but not registered in Oasmia's name.

Transfer of veterinary assets within the Group
In May 2018 the Parent Company entered into a transaction to transfer the rights to the two veterinary products Paccal Vet and Doxophos Vet to AdvaVet, Inc., a wholly-owned subsidiary in the US. The aim of the transaction was to create conditions for new financing to complete the development of and commercialize these products, primarily through a separate listing of AdvaVet. As previously stated, the Parent Company has assessed that AdvaVet is

not suitable for a separate listing and furthermore that it is difficult for AdvaVet to achieve some other reasonable financing, including from the Parent Company, solely by virtue of its rights to the two veterinary products. These intangible assets that AdvaVet acquired the right of use to are only recognized to a certain extent as intangible assets in the consolidated balance sheet.

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 Apealea and Oasmia's other product candidates for Oasmia's commercial partners and 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.

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.

The agreement with contract manufacturers obliges the company to order certain minimum volumes in the years ahead. If the expected volumes of sold goods are not achieved, the obsolescence risk increases. The company seeks to reduce risks associated with collaborations and partnerships by being the manufacturer of drugs for clinical trials, being able to manufacture on a small scale for the market, seeking partnerships with well-established companies and identifying alternatives to suppliers and manufacturers.

Intellectual property protection and patent risk

Through the agreements it has entered into with Ardenia Investments Ltd, Oasmia has indirect patent protection for its technology. In the pharmaceutical industry there are a number of risks associated with intellectual property and patents:

- 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
- 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 XR17 for each product candidate. XR17 is patented in the form of a so-called New Chemical Entity, which is the highest level of intellectual property protection for pharmaceuticals.

There is also a risk that competitors will violate Oasmia's patent rights. So far Oasmia has not been involved in any patent or trademark dispute. This is a risk that Oasmia accepts because the company believes that its patents have full protection in all relevant markets. In addition to these risks, there is also the fact that the patents are in most cases not registered in Oasmia's name but in that of Ardenia. This can make collaboration more difficult (see also under the previous heading) as well as the defence of rights in the event of third-party violation and when various measures are taken regarding extensions.

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

The market for cancer medicines for dogs is 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.

Key personnel and recruitment

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

The company seeks to reduce the risk of losing key employees by creating a good working environment with good working conditions. Oasmia is located in Uppsala, where there are many people with the competencies needed in the pharmaceutical industry, thereby probably making the recruitment risk as low as it possibly can be.

Legal risks associated with the so-called ownership battle

Oasmia is formally a party in some of the legal processes that ultimately derive from the financing that Arwidsro and MGC agreed on with Oasmia at the end of 2017/beginning of 2018. These processes and disputes are described in more detail under the heading "Transactions with related parties" (Note 27). These disputes may subject Oasmia and its management and Board to considerable inconvenience, which may affect business operations. It cannot be ruled out that as a result of these disputes Oasmia may find itself in situations where claims for damages cannot be avoided from at least one of the parties involved, and even if in such cases demands for recourse could sometimes be relevant, it is not certain that demands for recourse regarding for example former representatives who have caused the situation can compensate Oasmia, amongst other things as such recourse may be conditional on shareholders being willing to push through such claims.

PROPOSAL FOR ALLOCATION OF NON-RESTRICTED EQUITY

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

	SEK
Share premium reserve	1,479,826,299
Retained earnings	-936,258,117
Income for the year	-157,987,515
Total	**385,580,667**

The Board of Directors proposes that the 2019 Annual General Meeting adopt a resolution to dispose of the above amounts as follows:

Carry forward of SEK 385,580,667.

CORPORATE GOVERNANCE REPORT 2018/2019

Oasmia Pharmaceutical AB (publ) ("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 and is governed by a number of laws and regulations. The most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, NASDAQ Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and the SEC's rules and regulations.

Management, guidance and internal control are divided between the shareholders (via the Annual General Meeting), the Board of Directors, the CEO and corporate management. Oasmia also works in accordance with the internal instructions and guidelines adopted by Oasmia's Board and management team. In addition, Oasmia's auditors are responsible for the external control of the company. This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code.

SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code is based on the principle of "comply or explain", which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for this. Oasmia has deviated in the following part during the financial year 2018/2019:

i) Code rule 9.7. The company has issued warrants that the Board has been able to acquire. The warrants mature in less than 3 years. The reason for this is that the company considered that such an incentive structure is that which is most appropriate for achieving the aims of the company's incentive programmes. This warrants programme expired on August 16, 2019.

THE SHARE AND SHAREHOLDERS

Oasmia's share has been listed on NASDAQ Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. The total number of shares on April 30, 2019 amounted to 224,900,646 and each share carries one vote at the general meeting of shareholders. The number of known shareholders was 14,134 and Per Arwidsson together with related parties was the principal shareholder at April 30, 2019, with 16.6% of the capital and votes. The ten largest shareholders owned 44.4 % of the total number of shares. For additional information on the ownership structure, see "The Share" section on page 19.

ANNUAL GENERAL MEETING

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

Annual General Meeting 2018

The 2018 Annual General Meeting was held on September 25 on Oasmia's premises in Uppsala. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet for the financial year 2017/2018, a resolution on the allocation of non-restricted equity and discharge of the Board and CEO from liability.
- The Board shall consist of five members without any deputies.
- Re-election of the Board members Julian Aleksov, Bo Cederstrand, Alexander Kotsinas, Lars Bergkvist and Per Langö. Julian Aleksov was elected Chairman.
- Remuneration to Board members who are not employees of the company shall be SEK 150,000 per annum and the Chairman's remuneration shall be SEK 300,000 per annum. Board members receiving salary or other remuneration from the company shall not receive a Board fee.
- Auditors' fees shall be paid as invoiced.
- Election of PricewaterhouseCoopers AB (PWC) as auditors. PwC notified the company that the authorized public accountant Johan Engstam has been appointed as the principal auditor.
- Criteria for the composition of the Nomination Committee for the 2019 Annual General Meeting.
- Guidelines for the determination of salary and other remuneration for the CEO and other members of Oasmia's management.
- Authorization for the Board to repurchase and transfer the company's own shares.
- Authorization for the Board to adopt a resolution to issue new shares, warrants and convertible bonds, to be paid for in cash and/or in kind or by offsets.

Cancelled Extraordinary General Meeting 2019

On December 14, 2018, at the request of shareholders representing more than 10 percent of the shares in Oasmia, the company Board convened an Extraordinary General Meeting to be held on January 25, 2019 on Oasmia's own premises in Uppsala.

The agenda for this meeting included the following item:

- Election of Board and Chairman of the Board.

On January 21 2019, the then Board decided to cancel the Extraordinary General Meeting to be held on January 25, 2019. The reason stated was that the proposed Board did not meet the requirements stipulated in Nasdaq Stockholm's rules and regulations, the Swedish Corporate Governance Code and other listing requirements. The decision to suspend this Extraordinary General Meeting was subsequently criticized by the Swedish Stock Market Committee.

Extraordinary General Meeting 2019

On February 5, 2019, at the request of shareholders representing more than 10 percent of the shares in Oasmia, the company convened an Extraordinary General Meeting to be held on March 19, 2019. The company held this Extraordinary General Meeting on March 19, 2019 on Oasmia's own premises in Uppsala.

The resolutions adopted included the following:

- The Board shall consist of 4 Board members and no deputies.
- All of the previous Board of Oasmia was relieved of its duties.
- Election of Jörgen Olsson, Sven Rohmann, Peter Zonabend and Gunilla Öhman as members of the Board, with Jörgen Olsson as Chairman of the Board.
- The newly elected members of the Board shall receive a fee for their work as members of the Board in accordance with the resolution adopted at the 2018 Annual General Meeting regarding the level of Board fees, proportionate to the length of the mandate period.

Annual General Meeting 2019

The 2019 Annual General Meeting will be held on Thursday, September 26, 2019 at Oasmia's headquarters in Uppsala. Notice of the Annual General Meeting shall be published no earlier than six and no later than four weeks before the meeting. Shareholders are entitled to have matters considered at the meeting. In order for the company to be certain that it has sufficient time to include all matters in the notice, any request for a matter to be considered at the Annual General Meeting should reach the Board no later than 7 weeks before the meeting. Requests to have a matter considered at the meeting should be addressed to the Board and mailed to the address below.

Oasmia Pharmaceutical AB
Att. Styrelsen
Vallongatan 1
752 28 Uppsala

NOMINATION COMMITTEE

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

The Nomination Committee's proposal regarding the selection criteria for the Nomination Committee for the next Annual General Meeting was adopted at the 2018 Annual General Meeting. The criteria were as follows: one member shall be the Chairman of the Board (convener) and two members shall be appointed by the two shareholders who have the largest shareholding in Oasmia Pharmaceutical AB on January 31, 2019 in terms of the number of votes. The Nomination Committee's mandate extends to when the next Nomination Committee has been appointed. The Nomination Committee members for the 2019 Annual General Meeting consist of Per Arwidsson (Chairman), Jörgen Olsson and Håkan Lagerberg. The full proposal for the 2019 Annual General Meeting will be presented in the Annual General Meeting notice. Per Arwidsson was appointed by Arwidsro Holding AB and Håkan Lagerberg owns his shares privately.

BOARD OF DIRECTORS

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

ATTENDANCE, FINANCIAL YEAR 2018/2019

For the period May 1, 2018 until March 19, 2019

	INDEPENDENT*/	BOARD MEETINGS	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Julian Aleksov	No/No	26/26		
Bo Cederstrand	No/No	26/26		
Alexander Kotsinas	Yes/Yes	25/26	4/5	-/-
Lars Bergkvist	Yes/Yes	25/26	5/5	-/-
Per Langö	Yes/Yes	24/26	5/5	-/-

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

For the period March 19, 2019 until April 30, 2019

	INDEPENDENT*/	BOARD MEETINGS	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Jörgen Olsson	Yes/Yes	2/2	-	-
Gunilla Öhman	Yes/Yes	2/2	-	-
Sven Rohmann	No/Yes	2/2	-	-
Peter Zonabend	Yes/No	2/2	-	-

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

Board duties

The Board has the overall task of managing the company's affairs on behalf of the shareholders. The Board operates in accordance with the Swedish Companies Act, the Articles of Association and internal regulations and continually assesses the Group's financial situation and the operational management. The Board appoints the CEO and decides on significant changes in the company's organization and operations. The Board is also responsible for ensuring that the company's internal control of financial conditions is satisfactory and that the information regarding financial and overall performance is communicated accurately in the company's financial reports.

Chairman of the Board

The Chairman follows, by regular contact with the CEO, the company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfil their duties. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results.

In addition, the Chairman is responsible for preparing the Corporate Governance Report and a report on how internal controls, as they relate to financial reporting, are organized and how effectively they worked during the last financial year.

Board procedures

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

Evaluation of the Board's work

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

Board's work during the financial year

During the financial year 2018/19 the Board held 28 recorded meetings. On these occasions the Board mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, carefully monitored liquidity forecasts, updates regarding ongoing regulatory processes, made a decision regarding the transfer of veterinary assets and in conjunction with the new Board taking office on March 19, 2019, initiated a comprehensive review of the Group's position and future business orientation.

Audit Committee

From the 2018 Annual General Meeting up until March 19, 2019 the Audit Committee consisted of Lars Bergkvist (Chairman) Alexander Kotsinas and Per Langö. During the period 19 March 2019 to 30 April 2019, the Audit Committee consisted of the entire Board during the transition period to 30 April 2019. 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 shall also monitor the auditors' work and the choice of auditing firm and scrutinize the auditors' objectiveness and independence and that the costs for services over and above the auditing assignment are at an appropriate level in relation to the auditing fee so as to not run the risk of impacting independence. The Audit Committee's responsibilities and tasks appear in specially prepared internal instructions. During the financial year, the Audit Committee held 5 meetings, with the auditors in attendance. In addition to this, the company had quarterly contact with the auditors during the financial year.

Remuneration Committee

The Remuneration Committee is the drafting committee for the company's Board and shall be responsible for preparing the Board's proposal to the Annual General Meeting regarding principles for remuneration and other terms of employment for senior executives. The Remuneration Committee shall also submit draft resolutions to the Board regarding salary and other forms of remuneration for the CEO, and make proposals for resolutions regarding warrant programs and other reward or compensatory matters that are intended to be directed to a broader group of employees within the company. From the Annual General Meeting 2018 up until March 19, 2019 the Committee consisted of Alexander Kotsinas, Per Langö and Lars Bergkvist. During the period 19 March 2019 to 30 April 2019, the Remuneration Committee consisted of the entire Board during the transition period to 30 April 2019. The Remuneration Committee held no meetings during the year.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Board

At the 2018 Annual General Meeting, it was decided that the remuneration to a Board Member who is not an employee of the company shall amount to SEK 150,000 per year. Remuneration to the Chairman shall be SEK 300,000 per year. After December 31, 2017 Board members may no longer invoice their Board member fee through a wholly-owned company.

Salaries and other benefits

Remuneration to the CEO and other senior executives shall consist of a fixed salary, pension provisions and private health insurance.

Terms of notice and severance pay

If notice is given by the company, the term of notice for the CEO shall be no more than 12 months. If notice is given by the CEO, the term of notice shall be no more than three months. For other senior executives, the term of notice shall normally be six months if notice is given by the company, and three months if notice is given by the executive. No special severance pay shall be given.

Incentive programme

At year-end, Oasmia had two incentive programmes. Decisions on any incentive scheme for senior executives are to be made by the Annual General Meeting. Resolutions were adopted at the Extraordinary General Meeting held on June 2, 2017 regarding the two warrant programmes. These programmes expired on August 16, 2019.

Deviation in specific cases

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

Auditors

According to the Articles of Association, the company shall have one or two external auditors. The accounting firm PWC was elected at the 2018 Annual General Meeting. Authorized Public Accountant Johan Engström will serve as principal auditor.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Oasmia's process for internal control is designed to manage and minimize the risk of errors in financial reporting. The Board annually evaluates the need for an internal audit 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 policy documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

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

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

The Board determines the company's major policies on information/communication, financing and risk management. Company management establishes 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

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

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

THE BOARD

JÖRGEN OLSSON

Chairman of the Board since March 19, 2019.

(born 1961)

Education: Degree in Economics, Luleå University.

Previous experience: President and CEO of Hoist Finance 2012-2018, Head of Corporate Banking at Kaupthing Bank Sweden, senior positions at SEB / Enskilda Corporate and Group Treasurer at Elekta. Board member of Hoist Finance 2010-2018.

Shareholding: -

SVEN ROHMANN

Member of the Board since March 19, 2019.

Interim CEO since July 1, 2019.

(born 1962)

Education: MD Johannes Gutenberg University, PhD Erasmus University and MBA European Business School and Kellogg's University.

Previous experience: CMO for Immudyne Inc, CEO of Adiuvo Investments SA, General Manager Europe for healthcare venture fund Burrill & Co, Vice President Biotec Pharmacon ASA, venture capital fund manager for Novartis Pharma AG, Managing Partner for Nextech Venture, Switzerland, CEO of BioVision AG, CEO of Ganymed Pharmaceuticals AG, and globally responsible for oncology for Merck Serono.

Selected Board assignments: Chairman of Helix Biopharma Corp., ImVision GmbH & Inc.

Other assignments: Advisor and Chief Business Development Officer to Oryx GmbH (translational medicine) and Center for Molecular Medicine, KI and TCER AB.

Shareholding: -

PETER ZONABEND

Member of the Board since March 19, 2019.

(born 1980)

Education: LL.M from Stockholm University, EMLE from Erasmus School of Law, Bsc in Business and Economics from Stockholm University and DU EAED from Aix Marseille Université.

Previous experience: CEO of Victoria Investments Holding Ltd, 2010-2017, Law Firm Fylgia, Law Firm Björn Rosengren.

Selected Board assignments: Hövding Sverige AB, HQ AB, TCER AB, CBD Solutions AB.

Other ongoing assignments: CEO Arwidsro, board assignment within Arwidsro.

Shareholding: 0 shares. Manages 79,917 shares by proxy. Holds 1 convertible of series 2018: 2 which can be converted to 129,870 shares.

GUNILLA ÖHMAN

Member of the Board since March 19, 2019.

(born 1959)

Education: MSc in Business and Economics from Stockholm School of Economics.

Previous experience: Director of Communications at SEB Group, Riksbank and Bankstödsnämnden. Prior to that, Swedish Match for 8 years and financial journalist at Veckans Affärer and SVT. Communications advisor for 15 years. IR manager for companies listed or to be listed on the stock exchange, most recently Elekta. Board assignments in Hoist Finance from 2014-2019, previously in Proffice 9 years, HMS Networks 5 years, SJ 5 years, AMF Funds 9 years, Oatly 5 years. Participation in and leadership of Audit Committees in several of the companies.

Other ongoing assignments: IR Manager at NCAB and Board member of Atvexa.

Shareholding: -

MANAGEMENT

As of July 16, 2019

SVEN ROHMANN

Interim CEO since July 1, 2019.

Board member since March 19, 2019.

Born: 1962

Education: MD Johannes Gutenberg University, PhD Erasmus University and MBA European Business School and Kellogg's University.

Previous experience: CMO for Immudyne Inc, CEO of Adiuvo Investments SA, General Manager Europe for healthcare venture fund Burrill & Co, Vice President Biotec Pharmacon ASA, venture capital fund manager for Novartis Pharma AG, Managing Partner for Nextech Venture, Switzerland, CEO of BioVision AG, CEO of Ganymed Pharmaceuticals AG, and globally responsible for oncology for Merck Serono.

Selected Board assignments: Chairman of Helix Biopharma Corp., ImVision GmbH & Inc. Other assignments: Advisor and Chief Business Development Officer to Oryx GmbH (translational medicine) and Center for Molecular Medicine, KI and TCER AB.

Shareholding: -

ANETTE SJÖDIN

Chief Business Officer and Deputy CEO

Born: 1964

Education: BsC Biochemistry, Umeå University

Anette Sjödin has more than 25 years of experience in the Life Science sector. She is a biochemist with many years of global experience, including leading positions in marketing, project management and business development. Her most recent position was in business development at Nestlé Skin Health, where she has worked internationally with in- and out-licensing and been responsible for strategic alliances.

Shareholding: –

MIKAEL ASP

Chief Technical Officer

Born: 1962

Education: Master of Science in Chemical Engineering

Mikael Asp has been employed at Oasmia since 2013. He has 30 years of experience from several companies within the international pharmaceutical industry in research and development, production, quality assurance and as Qualified Person (QP). He is a Board member of Oasmia Incentive AB and Qdoxx Pharma AB.

Shareholding: 8,020 shares personally.

NINA HELDRING

Acting Chief Medical Officer

Born: 1968

Education: Master's degree in biomedicine and doctorate in medical science from Karolinska Institutet, Stockholm.

Nina Heldring, PhD, has 20 years of experience in preclinical and clinical medical research from well-known academic institutes such as Cornell University in the US and Karolinska Institutet but also the pharmaceutical industry. She started as Head of Clinical Development at Oasmia in 2016 and has led the work on pharmacovigilance and clinical trials. Nina took up her new position as Acting Chief Medical Officer in July 2019.

Shareholding: –

JOAKIM LINDÉN

Acting Chief Financial Officer

Born: 1964

Education: M.Sc., Lund University

Joakim Lindén has been acting CFO at Oasmia since March 26, 2019. He runs his own consulting business and has more than 25 years of experience in change work in listed and non-listed companies in many industries, countries and roles including CFO.

Shareholding: –

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CONSOLIDATED INCOME STATEMENT

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Net sales	5	1,980	3,169
Change in inventories of products in progress and finished goods *)	4, 8	-5,148	-1,450
Capitalized development costs	6	8,431	9,157
Other operating income	7, 14	755	1,753
Raw materials, consumables and goods for resale	8, 14	-4,998	-2,953
Other external expenses *)	4, 9, 10, 14	-68,183	-60,235
Employee benefit expenses *)	4, 11	-52,068	-48,371
Depreciation, amortization and impairment *)	4, 12, 13	-31,587	-4,794
Operating income	15	**-150,818**	**-103,724**
Financial income		19	101
Financial expenses *)	4	-18,259	-14,390
Financial income and expenses - net	14, 16	**-18,240**	**-14,289**
Income before taxes		**-169,058**	**-118,013**
Income taxes	17	-32,822	-
Income for the year		**-201,881**	**-118,013**
Income for the year attributable to:			
Parent Company shareholders		-201,886	-118,007
Non-controlling interests		6	-6
Earnings per share before and after dilution, SEK	18	-1.04	-0.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Income for the year		**-201,881**	**-118,013**
Other comprehensive income			
Items that may subsequently be transferred to the income statement:			
Translation differences		-623	-23
Total other comprehensive income		**-623**	**-23**
Comprehensive income for the year		**-202,503**	**-118,036**
Income for the year attributable to:			
Parent Company shareholders		-202,509	-118,030
Non-controlling interests		6	-6
Earnings per share before and after dilution, SEK		-1.05	-0.71

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TSEK	NOTE	APR 30, 2019	APR 30, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	12	14,701	15,527
Capitalized development costs	6	433,130	426,079
Other intangible assets *)	4, 13	20,176	45,957
Financial non-current assets		2,002	2
Total non-current assets		**470,009**	**487,565**
Current assets			
Inventories *)	4, 8	7,420	9,746
Accounts receivable - trade *)	4, 19	3,534	1,578
Other current receivables	19, 21	3,011	34,371
Prepaid expenses and accrued income *)	4, 19, 20	14,472	19,234
Cash and cash equivalents	19	116,272	15,580
Total current assets		**144,710**	**80,509**
TOTAL ASSETS		**614,719**	**568,075**
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	22	22,490	17,641
Other capital provided		1,479,513	1,232,290
Reserves		-652	-29
Retained earnings, including income for the year *)	4	-1,108,174	-904,860
Equity attributable to Parent Company shareholders		**393,178**	**345,042**
Equity attributable to non-controlling interests		0	-6
Total equity		**393,178**	**345,036**
LIABILITIES			
Long-term liabilities			
Deferred tax liability		32,822	-
Total long-term liabilities		**32,822**	**0**
Current liabilities			
Convertible loans	18, 19	59,568	52,841
Other borrowings	19, 27	80,000	134,419
Accounts payable	19	17,666	9,256
Other current liabilities	19, 23	3,217	3,504
Accrued expenses and deferred income *)	4, 19, 24	28,268	23,019
Total current liabilities		**188,719**	**223,039**
Total liabilities		**221,541**	**223,039**
TOTAL EQUITY AND LIABILITIES		**614,719**	**568,075**

Contingent liabilities and pledged assets are reported in Note 25.

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS							
TSEK	NOTE	SHARE CAPITAL	NON-REGISTERED SHARE CAPITAL	OTHER CAPITAL PROVIDED	RESERVES *)	RETAINED EARNINGS INCLUDING INCOME FOR THE YEAR	TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Opening balance as of May 1, 2017		**11,904**	**706**	**1,074,619**	**-6**	**-786,853**	**300,371**	**-**	**300,371**
Comprehensive income for the year		-	-	-	-23	-118,007	-118,031	-6	-118,037
Warrants		-	-	13,713	-	-	13,713	-	13,713
Equity component in issue of convertible loan	19	-	-	985	-	-	985	-	985
New share issue	22	5,737	-706	158,472	-	-	163,503	-	163,503
Issue expenses		-	-	-15,500	-	-	-15,500	-	-15,500
Closing balance as of April 30, 2018		**17,641**	**0**	**1,232,290**	**-29**	**-904,860**	**345,042**	**-6**	**345,036**
Opening balance as of May 1, 2018		**17,641**	**0**	**1,232,290**	**-29**	**-904,860**	**345,042**	**-6**	**345,036**
Adjustment due to changed accounting policies		-	-	-	-	-1,427	-1,427	-	-1,427
Adjusted opening balance as of May 1, 2018		**17,641**	**0**	**1,232,290**	**-29**	**-906,288**	**343,616**	**-6**	**343,609**
Income for the year		-	-	-	-	-201,886	-201,886	6	-201,881
Other comprehensive income		-	-	-	-623	-	-623	0	-623
Comprehensive income for the year		**0**	**0**	**0**	**-623**	**-201,886**	**-202,509**	**6**	**-202,503**
Warrants		-	-	0	-	-	0	-	0
Equity component in issue of convertible loans	19	-	-	2,997	-	-	2,997	-	2,997
Reversal of expenses upon conversion of convertible debt instruments		-	-	1,928	-	-	1,928	-	1,928
Reversal of equity in connection with redemption of warrants		-	-	-10,617	-	-	-10,617	-	-10,617
New share issues	22	3,101		186,917	-	-	190,018	-	190,018
Redemption of convertibles		1,748	-	76,452	-	-	78,200	-	78,200
Issue expenses		-	-	-10,454	-	-	-10,454	-	-10,454
Closing balance as of April 30, 2019		**22,490**	**0**	**1,479,513**	**-652**	**-1,108,174**	**393,178**	**0**	**393,178**

*) Translation differences

CONSOLIDATED CASH FLOW STATEMENT

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Operating activities			
Operating income before financial items *)	4	-150,818	-103,724
Adjustments for non-cash items *)	4, 26	38,673	6,420
Interest received	16	31	101
Interest paid	16	-3,068	-10,126
Cash flow from operating activities before changes in working capital		**-115,182**	**-107,329**
Changes in working capital			
Change in inventories *)	4, 8	-4,099	2,869
Change in accounts receivable - trade *)	4, 19	112	-1,543
Change in other current receivables	19, 20, 21	-7,935	335
Change in accounts payable	19	8,226	-11,755
Change in other current liabilities *)	4, 19, 23, 24	39	-6,211
Cash flow from operating activities		**-118,839**	**-123 634**
Investing activities			
Investments in intangible assets	6, 13	-9,536	-21,037
Investments in property, plant and equipment	12	-2,495	-415
Investments in financial assets	19	-2,000	-
Cash flow from investing activities		**-14,031**	**-21,452**
Financing activities			
Increase in liabilities to credit institutions		4,801	-
Repayment of liabilities to credit institutions	19	-4,801	-
Loans raised	27	-	3,000
Loans repaid	27	-37,552	-39,000
Convertible loans	18, 19, 26	119,200	21,000
Warrants	18	-	199
New share issues	19, 22	165,018	159,282
Issue expenses	22	-13,166	-11,826
Cash flow from financing activities		**233,500**	**132,656**
Cash flow for the year		**100,630**	**-12,431**
Translation differences		**62**	**10**
Cash and cash equivalents at beginning of year		**15,580**	**28,001**
Cash and cash equivalents at end of year	19	**116,272**	**15,580**

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

PARENT COMPANY INCOME STATEMENT

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Net sales	5	1,980	3,169
Change in inventories of products in progress and finished goods *)	4, 8	-5 148	-1,450
Capitalized development costs	6	8,431	9,157
Other operating income	7, 14	666	2,078
Raw materials and consumables	8	-4,998	-2,953
Other external expenses *)	4, 9, 10, 14	-61,642	-60,499
Employee benefit expenses	11	-47,429	-47,851
Depreciation, amortization and impairment of property, plant and equipment and intangible assets *)	4, 12, 13	-31,587	-4,794
Operating income	15	**-139,727**	**-103,143**
Income from holdings in Group companies	26, 27	-163	-1,532
Other interest income and similar income	14, 16	162	101
Interest expenses and similar expenses *)	4, 14, 16	-18,259	-14,390
Financial income and expenses - net		**-18,260**	**-15,821**
Income before taxes		**-157,988**	**-118,964**
Income taxes	17	-	-
Income for the year		**-157,988**	**-118,964**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Income for the year		-157,988	-118,964
Comprehensive income for the year		**-157,988**	**-118,964**

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

PARENT COMPANY BALANCE SHEET

TSEK	NOTE	APR 30, 2019	APR 30, 2018
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development costs	6	323,722	426,079
Concessions, patents, licences, trademarks and similar rights *)	4, 13	20,176	45,957
Property, plant and equipment			
Equipment, tools and installations	12	13,501	15,381
Construction in progress and advance payments for property, plant and equipment	12	1,201	146
Financial non-current assets			
Holdings in Group companies	27	109,663	355
Other securities held as non-current assets		2,001	1
Total non-current assets		**470,264**	**487,919**
Current assets			
Inventories *)	4		
Raw materials and supplies	8	5,915	3,093
Work in progress	8	1,505	6,653
		7,420	**9,746**
Current receivables			
Accounts receivable - trade *)	4, 19	3,534	1,578
Receivables from Group companies		7,142	597
Other current receivables	19, 21	3,010	34,270
Prepaid expenses and accrued income *)	4, 19, 20	14,325	19,224
		28,011	**55,669**
Cash and bank balances	19	115,112	15,227
Total current assets		**150,543**	**80,643**
TOTAL ASSETS		**620,807**	**568,562**

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

PARENT COMPANY BALANCE SHEET

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	22,490	17,641
Statutory reserve		4,620	4,620
Reserve for development costs		24,199	16,940
		51,309	**39,201**
Non-restricted equity			
Share premium reserve		1,479,826	1,232,603
Retained earnings		-936,258	-808,607
Income for the year *)	4	-157,988	-118,964
		385,580	**305,032**
Total equity		**436,890**	**344,232**
Current liabilities			
Convertible loans	18, 19	59,568	52,841
Other borrowings	19, 27	80,000	134,419
Accounts payable	19	14,748	9,256
Liabilities to Group companies	27	2,784	2,784
Other current liabilities	19, 23	1,735	2,022
Accrued expenses and deferred income *)	4, 24	25,082	23,008
Total current liabilities		**183,917**	**224,330**
TOTAL EQUITY AND LIABILITIES		**620,807**	**568,562**

Contingent liabilities and pledged assets are reported in Note 25.

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

PARENT COMPANY CHANGES IN EQUITY

		RESTRICTED EQUITY				NON-RESTRICTED EQUITY		
TSEK	NOTE	SHARE CAPITAL	NON-REGISTERED SHARE CAPITAL	STATUTORY RESERVE	RESERVE FOR DEVELOPMENT COSTS	SHARE PREMIUM RESERVE	RETAINED EARNINGS INCLUDING INCOME FOR THE YEAR	TOTAL EQUITY
Opening balance as of May 1, 2017		**11,904**	**706**	**4,620**	**7,783**	**1,074,619**	**-799,450**	**300,181**
Warrants		-	-	-	-	14,026	0	14,026
Equity component in issue of convertible loan		-	-	-	-	985	-	985
Adjustment of non-restricted and restricted equity		-	-	-	9,157	-	-9,157	0
New share issues	21	5,737	-706	-	-	158,472		163,503
Issue expenses		-	-	-	-	-15,500	-	-15,500
Income for the year		-	-	-	-	-	-118,964	-118,964
Closing balance as of April 30, 2018		**17,641**	**0**	**4,620**	**16,940**	**1,232,603**	**-927,571**	**344,232**
Opening balance as of May 1, 2018		**17,641**	**0**	**4,620**	**16,940**	**1,232,603**	**-927,571**	**344,232**
Adjustment due to changed accounting policies		-	-	-	-	-	-1,427	-1,427
Adjusted opening balance as of May 1, 2018		**17,641**	**0**	**4,620**	**16,940**	**1,232,603**	**-928,998**	**342,806**
Equity component in issue of convertible loans	18	-		-	-	2,997	-	2,997
Adjustment of non-restricted and restricted equity		-		-	7,259	-	-7,259	0
Reversal of expenses upon conversion of convertible debt instruments		-	-	-	-	1,928	-	1,928
Reversal of equity in connection with redemption of warrants		-	-	-	-	-10,617	-	-10,617
New share issues	21	3,101	-	-	-	186,917	-	190,018
Redemption of convertibles		1,748	-			76,452	-	78,200
Issue expenses		-		-	-	-10,454	-	-10,454
Income for the year		**-**		**-**	**-**	**-**	**-157,988**	**-157,988**
Closing balance as of April 30, 2019		**22,490**	**0**	**4,620**	**24,199**	**1,479,826**	**-1,094,245**	**436,890**

PARENT COMPANY CASH FLOW STATEMENT

TSEK	NOTE	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Operating activities			
Operating activities before financial items *)	4	-139,727	-103,143
Adjustments for non-cash items *)	4, 26	39,155	6,420
Interest received	16	31	101
Interest paid	16	-3,068	-10,126
Cash flow from operating activities before changes in working capital		**-103,609**	**-106,748**
Changes in working capital			
Change in inventories *)	4, 8	-4,099	2,869
Change in accounts receivable - trade *)	4, 19	112	-1,543
Change in other current receivables	19, 20, 21	-14,438	-163
Change in accounts payable	19	5,492	-11,621
Change in other current liabilities *)	4, 23, 24, 26	-2,977	-4,592
Cash flow from operating activities		**-119,519**	**-121,798**
Investing activities			
Capital contribution provided	26, 27	-63	-292
Investments in intangible assets	6, 13	-9,536	-21,037
Investments in property, plant and equipment	12	-2,496	-415
Investments in financial assets	19	-2,000	-
Cash flow from investing activities		**-14,095**	**-21,744**
Financing activities			
Increase in liabilities to credit institutions		4,801	-
Repayment of liabilities to credit institutions	19	-4,801	-
Loans raised	27	0	3,000
Loans repaid	27	-37,552	-39,000
Convertible loans	18, 19, 26	119,200	21,000
New share issues	22	165,018	159,282
Issue expenses	22	-13,166	-11,826
Cash flow from financing activities		**233,500**	**132,457**
Cash flow for the year		**99,886**	**-11,085**
Translation differences		**15,227**	**26,312**
Cash and cash equivalents at beginning of year	19	**115,112**	**15,227**

*) Compared to the year-end report published on June 28, 2019, changes have been made, which are presented in note 4.

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, research and manufacturing 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 20-29. The Annual Report for Oasmia Pharmaceutical AB for the financial year ending April 30, 2019 was approved for publication by the Board on September 4, 2019. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on September 26, 2019 for adoption.

NOTE 2 ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

THE GROUP'S ACCOUNTING POLICIES

Changes in accounting policies

New policies 2018/19

IFRS 15 Revenue from Contracts with Customers

This standard came into force on January 1, 2018 and thus began to be applied by Oasmia as from the financial year 2018/2019.

The standard first and foremost replaces IAS 18 Revenue, which is the standard that has regulated the reporting of revenues so far. Under IFRS 15 the basic principle for when a revenue may be recognized is when the acquiring party can use a good or can draw benefit from a service, while IAS 18 concentrates more on when risk is transferred from the vendor to the purchaser. IFRS 15 also requires considerably more disclosures than IAS 18.

When it is introduced, IFRS 15 shall also be applied retroactively to previous periods in accordance with one of the following methods:

- Complete retroactive application to previous periods
- The combined effect of a first application is reported as an adjustment of the opening balance of equity.

Oasmia has applied the second method, that is to only adjust the opening balance of equity. The impact of this adjustment on equity involves a decrease in equity of approximately MSEK 1.4.

IFRS 9 Financial instruments

This standard came into force on January 1, 2018 and thus began to be applied by Oasmia as from the financial year 2018/2019.

IFRS 9 Financial Instruments replaces IAS 39 and concerns the reporting of financial assets and liabilities. As regards the classification and measurement of financial instruments IFRS 9 involves simplifications compared to IAS 39. To assess how financial instruments are to be reported under IFRS 9, the company shall take into account the contractual cash flows and the business model within which the instrument is held.

One effect of IFRS 9, compared to IAS 39, is that credit losses will be reported earlier. The criteria for hedge accounting have also been changed.

The introduction of this standard has not had any significant impact on Oasmia's financial reports.

Otherwise, none of the standards and interpretations required for the first time for the financial year that began on May 1, 2018 had a material impact on the consolidated financial statements.

New IFRS standards and interpretations effective the financial year 2019/20 or later that may impact Oasmia's financial reporting:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases. This standard came into force on January 1, 2019, which means that it will be applied by Oasmia as from the financial year 2019/2020, which began on May 1, 2019.

IFRS 16 states that at the beginning of a lease agreement the lessee shall recognize the right to use the leased assets in the balance sheet and at the same time a lease liability shall be recognized. As far as Oasmia is concerned, this will primarily mean that leases that are now reported as operating leases will be reported as right-of-use assets and lease liabilities in the consolidated statement of financial position. Depreciation will be applied to the assets during the time they are used and lease rates will be recognized as part-payment of the lease liability and as an interest expense in the income statement.

The lease liability may also be revalued during the duration of the contract depending on whether certain circumstances, such as new lease terms and conditions, are introduced.

However, there will be two exceptions. Leased assets of a low value and short-term leases (with a duration of no more than twelve months) will be exempted from the obligation to capitalize the right to use an asset and to enter the expected lease payments as a liability.

Oasmia has elected to apply the simplified transitional method, which means that Oasmia reports the accumulated effect of initially applying the standard by adjusting the opening balance on the first day it is applied and the implementation of IFRS 16 primarily impacts the recognition of Oasmia's rental contracts for premises. The impact on the opening balance at May 1, 2019 in the consolidated statement of financial position is that there are additional right-of-use assets of approximately MSEK 20 and additional lease liabilities of approximately MSEK 19 as well a reduction of prepaid expenses to the tune of MSEK 1. When calculating the remaining lease period, periods are included where there is a possibility that the lease agreement may extended if Oasmia is reasonably certain that it will make use of this possibility. Oasmia has elected to use the practical solution of using the same discount rate for all agreements regarding the rental of premises as they are similar in nature. This discount rate is based on an estimation of the interest rate that Oasmia would have obtained when borrowing from financial institutes for corresponding durations. Furthermore, Oasmia has elected to use the practical solution of not including lease agreements where the lease period ends within 12 months of the first day the agreement came into force.

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

Subsidiaries

Subsidiaries are companies where the 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.

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. Translation profits or losses arising from payments for such transactions and from translation of monetary assets and liabilities in foreign currency at closing day exchange rates are recognized in operations. Currency 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 balance sheet 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.

Segment reporting

An operating segment is a part of a company that conducts business activities from which revenues can be generated and costs can be incurred, and for which independent financial information is available. Furthermore, the operating results of the segment are reviewed on a regular basis by the company's chief operating decision maker as the basis for the decision on allocation of resources to the segment and the evaluation of its result. The Group management has been identified as the chief operating decision maker. Group management assesses the business as a whole, that is as one segment, and therefore does not include information by segment in the accounts. Note 5 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.

Property, plant and equipment

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

Additional expenses are added to the carrying amount of the asset or are recognized as a separate asset, depending on what is most suitable, only when it is probable that the future economic benefits connected with the asset will 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.

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

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

Each time the company reports, 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.

Profits and losses upon divestment are determined through a comparison between the sales revenue and the carrying amount and are recognized in Other operating income or Other operating expenses.

INTANGIBLE ASSETS

Capitalized development costs

Expenditures for research are expensed 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 candidates Paclical/Apealea and Paccal Vet and for which all the preconditions for capitalization pursuant to IAS 38 have been met.

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

Both products are based on a well-known and well-documented substance, paclitaxel, and Oasmia's own excipient XR17. The company can therefore reuse data for both product candidates when applying for market approval and this can potentially lead to a shorter path to approval.

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

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

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

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

Acquired research projects

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

Other intangible assets

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

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

Inventories

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 acquisition cost for Raw materials and supplies consists of the purchase price invoiced by the supplier. The acquisition cost for Work 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.

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 evaluated annually for any impairment needs. Group management performs an estimation of the expected utilization period of the assets at every financial statement. If there are indications that an asset's value has diminished, the 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 need, the assets are grouped into cash generating units, which is the smallest group of assets that enables positive cash flows that are essentially independent of the cash flow from other assets or groups of assets. The Group presently has no assets with indeterminable utilization periods.

Financial instruments

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

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

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

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

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

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

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

- **Loans receivable and accounts receivable**

  This category includes:
  - *Cash and cash equivalents valued at nominal value. Where they are denominated in a currency other than SEK, they are translated at the closing day rate of exchange.*
  - *Accounts receivable, other current receivables and accrued revenues are valued at amortized cost.*

- **Financial liabilities valued at amortized cost**

  This category includes:
  - *Borrowings which are valued at nominal value as they have a short duration.*
  - *Convertible loans.*
  - *Accounts payable and accrued expenses valued at the value they are expected to be paid at.*

For further disclosures on Oasmia's financial instruments, please see Note 19 Financial instruments and financial risks.

Share capital

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.

Relative to a bond loan, a convertible loan provides both the right to receive interest and the opportunity to receive a certain number of shares instead of repayment of the loan. This additional benefit means that the interest rate of the convertible loan is lower than the market interest rate for an equivalent bond loan. The fair value of the benefit Oasmia receives due to the lower interest rate is recorded, after a deduction for issue expenses, directly against equity.

Income tax

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

EMPLOYEE BENEFITS

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

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

Severance pay
Severance pay is awarded when notice is given to an employee by 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.

Revenue recognition
Revenues comprise the fair value of what has been received or will be received for sold goods, services and supplies as a result of the Group's business operations. Revenue is recognized without value added tax, and after elimination of intra-Group sales. Oasmia's agreements with customers are analysed 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 obligation
Under the agreements with customers that Oasmia has, Oasmia undertakes upon receipt of a purchase order from a customer to deliver goods of a certain quality to a certain destination within a certain period of time.

Under other agreements or parts of agreements, Oasmia's undertaking is to entitle a customer to market and sell Oasmia's products in a defined market.

Transaction 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.

Carrying out the performance obligation
Revenue is recognized when Oasmia has carried out its performance obligation. In the case of the delivery of goods, this means when the customer has gained control of the goods, which in practice means when they have been sent to and received by the customer.

However, in certain cases it is agreed under the agreement with the customer that the final price will be calculated only when the customer in turn has sold the goods. This is designated profit sharing in the agreement. In such cases it is not possible to determine the entire transaction price when the performance obligation has been carried out and therefore only that part which can be calculated with certainty is recognized as revenue at the time, as the sale of goods. The remainder is recognized as royalty revenue as soon as it can be determined with certainty.

When the performance obligation involves entitling a customer to do something, this obligation is considered to be carried out over the duration of the agreement, which means that the calculated transaction price is recognized as royalty revenue distributed over this period of time.

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

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

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

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

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

New accounting policies 2019/2020
IFRS 16 Leases replaces IAS 17 Leases and the new standard will be applied in the Group as from the 2019/2020 financial year beginning on May 1, 2019. Pursuant to RFR 2, the Parent Company has elected not to apply IFRS 16 Leases in Legal Entities. Instead the Parent Company will report leases pursuant to RFR 2, sections 2-12, which for Oasmia means that, as with previous accounting policies, lease fees are recognized on a straight-line basis over the lease period.

Classification and forms of presentation
The Parent Company uses the terms Balance Sheet and Changes in Equity for the reports that in the Consolidated Accounts are named the Statement of Financial Position and Statement of Changes in Equity. The form of presentation of the Parent Company's income statement and balance sheet is based on the table presented in the Annual Accounts Act, which entails differences compared to the consolidated financial statements, 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.

REVENUES

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

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

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

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

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.

NOTE 3 SIGNIFICANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES

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

Assessment regarding continued operations

Oasmia has two products approved, but this does not allow the company's business operations to generate sufficient cash flow. Work is therefore continuously conducted on finding other financing alternatives. This work includes the company engaging in discussions with potential collaboration partners about the licensing of distribution and sales rights, negotiations with new and existing investors, financiers and lenders, and the company securing resources so that future forecast revenue flows materialize in regions where the company's products are registered.

The Group's available cash and cash equivalents and unutilized credit facilities at April 30, 2019 do not provide the liquidity necessary to run the planned business operations in the coming 12 months. Nevertheless, in the light of the financing alternatives available and the expected development of the company, it is the Board's assessment that the outlook is good for financing the company's business operations during the coming year and that the financial reports presented here shall be based on the assumption that operations will be continued.

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 next financial year are listed below.

(a) Impairment tests for intangible assets

The Group capitalizes development costs for two drug candidates Paclical/Apealea and Paccal Vet. The financial year's capitalized development costs amounted to TSEK 8,431 (9,157) and the Group's capitalized development costs, as of April 30, 2019, amounted to TSEK 433,130 (426,079). An assessment is performed annually of whether there is a need for impairment of these assets. Oasmia's impairment tests show that there is no need for impairment. Market approval has been received for Paclical in the EU and Russia for the indication of ovarian cancer in humans and market approval is expected in the coming years for Paccal Vet in the US for the indication of mastocytoma in dogs. In Oasmia's assessment, more market approvals can be expected in the foreseeable future and expected future profits justify the value of the assets. If the other market approvals were not to be received, if a considerably lower price than expected was received per treatment, if the market share was lower, or if the likelihood of receiving approval were to decrease, all or parts of the capitalized expenditure would be carried as expenses. As of April 30, 2019 capitalized expenditure amounted to 102 % (123) of equity at the same time.

(b) 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 carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet.

Accumulated taxable deficits in the Group are described in Note 17.

(c) 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 given about them in Note 25. 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.

Important judgements when applying the company's accounting policies

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

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

Bearing in mind that Capitalized development costs in the consolidated statement of financial position as of April 30, 2019 constitute 70 percent (75) of total assets, impairment of this asset may have considerable consequences for the Group's financial position.

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

NOTE 4 CHANGES IN THE FINANCIAL REPORTS AFTER PUBLICATION OF THE YEAR-END REPORT

On June 28, 2019, Oasmia's "Year-end report for the financial year May 1, 2018 - April 30, 2019" was published.

Following the release of the year-end report, information was obtained indicating that the value of some assets had already decreased in value by April 30, 2019 and, in one case, that an expense item was incorrectly classified in the income statement. This information has been taken into account by adjusting the amounts reported in this annual report.

The information obtained concerns the following conditions:

Staff Bonuses
Parts of bonuses for staff in the subsidiary AdvaVet amounting to TSEK 1,655 were incorrectly reported as Other external costs. These have been reclassified to Personnel costs in the annual report. This adjustment does not affect the income for the year.

Accounts receivable
Accounts receivable amounting to TSEK 951 are assessed as obsolete and booked as customer losses. As these have been partially accrued previously, the balance sheet items "Prepaid expenses and accrued income" and "Accrued expenses and prepaid income" are also affected by this adjustment.

Inventories
A commodity inventory of TSEK 5,528 was reported in the year-end report. It has emerged that this stock is unlikely to be sold and therefore it is written down.

Intangible assets
Acquired research projects (KB9520) reported at a value of MSEK 25 are considered to have a fair value that is less than the carrying amount and is therefore written down.

The effect of these adjustments on the Group's financial reports is shown below.

Income statement

TSEK	YEAR-END REPORT MAY 1, 2018 - APR 30, 2019	ADJUSTMENTS	ANNUAL REPORT MAY 1, 2018 - APR 30, 2019
Net sales	1,980		1,980
Change in inventories of products in progress and finished goods	380	-5,528	-5,148
Capitalized development costs	8,431		8,431
Other operating income	755		755
Raw materials, consumables and goods for resale	-4,998		-4,998
Other external expenses	-69,680	1,497	-68,183
Employee benefit expenses	-50,413	-1,655	-52,068
Depreciation, amortization and impairment	-6,587	-25,000	-31,587
Operating income	**-120,132**	**-30,686**	**-150,818**
Financial income	19		19
Financial expenses	-18,079	-180	-18,259
Financial income and expenses - net	**-18,060**	**-180**	**-18,240**
Income before taxes	**-138,192**	**-30,866**	**-169,058**
Income taxes	-32,822		-32,822
Income for the year	**-171,014**	**-30,866**	**-201,881**

NOTE 4 cont.

CONT. NOTE 4 CHANGES IN THE FINANCIAL REPORTS AFTER PUBLICATION OF THE YEAR-END REPORT

Statement of financial position

TSEK	YEAR-END REPORT MAY 1, 2018 - APR 30, 2019	ADJUSTMENTS	ANNUAL REPORT MAY 1, 2018 - APR 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	14,701		14,701
Capitalized development costs	433,130		433,130
Other intangible assets	45,176	-25,000	20,176
Financial non-current assets	2,002		2,002
Total non-current assets	**495,009**	**-25,000**	**470,009**
Current assets			
Inventories	12,948	-5,528	7,420
Accounts receivable - trade	4,485	-951	3,534
Other current receivables	3,011		3,011
Prepaid expenses and accrued income	14,653	-180	14,472
Cash and cash equivalents	116,272		116,272
Total current assets	**151,369**	**-6,659**	**144,710**
TOTAL ASSETS	**646,378**	**-31,659**	**614,719**
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	22,490		22,490
Other capital provided	1,479,513		1,479,513
Reserves	-652		-652
Retained earnings, including income for the year	-1,077,307	-30,866	-1,108,174
Equity attributable to Parent Company shareholders	424,044	-30,866	393,178
Equity attributable to non-controlling interests	0		0
Total equity	**424,044**	**-30,866**	**393,178**
LIABILITIES			
Long-term liabilities			
Deferred tax liability	32,822		32,822
Total long-term liabilities	**32,822**		**32,822**
Current liabilities			
Convertible loans	59,568		59,568
Other borrowings	80,000		80,000
Accounts payable	17,666		17,666
Other current liabilities	3,217		3,217
Accrued expenses and deferred income	29,060	-792	28,269
Total current liabilities	**189,510**	**-792**	**188,719**
Total liabilities	**222,333**	**-792**	**221,542**
TOTAL EQUITY AND LIABILITIES	**646,378**	**-31,659**	**614,719**

NOTE 4 *cont.*

CONT. NOTE 4 CHANGES IN THE FINANCIAL REPORTS AFTER PUBLICATION OF THE YEAR-END REPORT

Cash flow statement

TSEK	YEAR-END REPORT MAY 1, 2018 - APR 30, 2019	ADJUSTMENTS	ANNUAL REPORT MAY 1, 2018 - APR 30, 2019
Operating activities			
Operating income before financial items	-120,132	-30,687	-150,818
Adjustments for non-cash items	13,673	25,000	38,673
Interest received	31		31
Interest paid	-3,068		-3,068
Cash flow from operating activities before changes in working capital	**-109,495**	**-5,687**	**-115,182**
Changes in working capital			
Change in inventories	-9,627	5,528	-4,099
Change in accounts receivable - trade	-839	951	112
Change in other current receivables	-7,935		-7,935
Change in accounts payable	8,226		8,226
Change in other current liabilities	831	-792	39
Cash flow from operating activities	**-118,839**	**0**	**-118,839**
Investing activities			
Investments in intangible assets	-9,536		-9,536
Investments in property, plant and equipment	-2,495		-2,495
Investments in financial assets	-2,000		-2,000
Cash flow from investing activities	**-14,031**	**0**	**-14,031**
Financing activities			
Increase in liabilities	4,801		4,801
Repayment of liabilities to credit institutions	-4,801		-4,801
Loans repaid	-37,552		-37,552
Convertible loans	119,200		119,200
New share issues	165,018		165,018
Issue expenses	-13,166		-13,166
Cash flow from financing activities	**233,500**	**0**	**233,500**
Cash flow for the year	**100,630**	**0**	**100,630**

NOTE 5 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Group currently has only one segment and therefore reports no information by segment.

Sales of supplies

Oasmia has its own production facility in Uppsala where limited commercial production can be carried out in addition to production for the company's own research and development. For technical reasons a surplus of certain supplies is produced. This surplus is sold to a small number of Swedish customers. A revenue occurs upon delivery to the customer and the invoice that is then drawn up falls 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, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Sales of supplies	276	162
Accounts receivable	60	23

Agreement with Russian distributor

Oasmia has a supply and distribution agreement with a Russian partner comprising the three products Paclical, Doxophos and Docecal. Three different categories of revenue arise from this agreement:

- One-time payments (entrance fees) for each of the three products that the agreement covers.
- Sales of goods when goods are delivered from Oasmia to the Russian partner.
- Profit sharing when the Russian partner has in turn sold the products.

The agreement was signed in June 2017 and is valid for a period of five years, with a possible extension of a further two years.

One-time payments (entrance fees)

Under the agreement the distributor will pay a one-time fee of USD 100,000 for each of the products that the agreement covers when each product is ready for commercialization. During the financial year 2017/2018 this was invoiced for Paclical and for Doxophos and was recognized as revenue of TSEK 1,595 that year pursuant to the accounting standards in force at the time.

When the new standard for the reporting of revenue, IFRS 15, was applied as of May 1, 2018, this revenue was recalculated, however, in accordance with how it would have been recognized pursuant to IFRS 15 and the difference was recognized directly against equity as follows:

For these one-time amounts the Russian partner obtains the exclusive right to market and sell each product for the duration of the agreement in the markets stipulated in the agreement. As these amounts can thus be considered to be advance payments for future performance obligations, it has been assessed that they contain a considerable financing component. When reporting these amounts, the pure sales price and the financing component have been differentiated and reported separately, as shown in the following table:

TSEK	
Transaction price	2,080
Financing component	-485
Amount invoiced	**1,595**

The transaction price is recognized as royalty revenue with straight-line distribution over the duration of the agreement while the financing component is recognized as a financial expense distributed over the same period of time in accordance with the effective interest method. If IFRS 15 had been in force during the financial year 2017/2018, a royalty revenue of TSEK 198 and a financial expense of TSEK 31 would have been recognized. The adjustment of opening equity deriving from the application of IFRS 15 is therefore presented in the following table:

TSEK	INVOICED 2017/2018	RETROACTIVELY
Revenue	1,595	198
Financial expense	0	-31
Impact on equity	**1,595**	**167**
Adjustment of opening equity	**-1,427**	**-1 427**

Of the originally invoiced TUSD 200, TUSD 100 was paid for Paclical during 2017/2018, while the remaining TUSD 100 for Doxophos was written down as a customer loss on April 30, 2019.

The impact of this agreement component on the income statement and balance sheet (as if IFRS 15 had already been implemented during 2017/2018):

Deferred income

TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Opening balance	-1,882	0
Deferred income for the year	0	-2,080
Recognized as royalty revenue during the year	297	198
Adjustment during the year resulting from customer loss	792	-
Closing balance	**-793**	**-1,882**

NOTE 5 cont.

CONT. NOTE 5 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

Prepaid interest expenses

TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Opening balance	454	0
Prepaid expense for the year	0	485
Recognized as financial expense during the year	-94	-31
Adjustment during the year resulting from customer loss	-180	-
Closing balance	**360**	**454**

Accounts receivable

TSEK	APR 30, 2019	APR 30, 2018
USD 100,000	0	868

Sales of goods
Under the agreement Oasmia has undertaken to deliver goods as soon as the Russian partner places an order. Before this there is no performance obligation for Oasmia. At April 30, 2019 there was no order and consequently no obligation for Oasmia either.

Upon delivery, when the goods are under the control of the Russian partner, Oasmia invoices the production costs for the goods, in accordance with the agreement. These invoices are recognized as "Revenue from sales of goods" and fall due for payment after 60 days.

Sales of goods

TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Sales of goods	1,287	630
Accounts receivable	1,346	688

Profit sharing
Under the agreement the Russian partner shall regularly provide Oasmia with sales statistics and reports of its own selling expenses. On the basis of these, Oasmia shall calculate the total profits from sales and then invoice the partner so that these profits are shared equally between Oasmia and the Russian partner. This revenue is recognized as royalty revenue.

Profit sharing

	GROUP	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Royalty revenue	0	782
Accrued income	0	782

Agreement concerning certain distribution rights
Oasmia has a supply and distribution agreement with a partner for Paclical. Under this agreement Oasmia commits to two undertakings:

- To give the partner an exclusive licence for Paclical in Israel and Turkey.
- To deliver Paclical to the partner.

As sales approval has not been obtained yet for these two markets, the delivery of goods has not yet begun. However, Oasmia invoiced EUR 200,000 during the year as a milestone payment for the exclusive licence. The duration of the agreement is flexible in the sense that it is dependent on certain parameters but for accounting purposes it has been assessed that distribution of the above amount over 12 years appears reasonable. The amount, which at the exchange rate current at the time of the transaction was recognized at TSEK 2,069, can thus be considered to contain a pure sales price and a financing component. These have been calculated as follows:

TSEK	
Transaction price	3,474
Financing component	-1,405
Invoiced amount	**2,069**

The transaction price is recognized as royalty revenue with straight-line distribution over the duration of the agreement while the financing component is recognized as an expense distributed over the same period of time in accordance with the effective interest method.

NOTE 5 cont. →

CONT. NOTE 5 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

Deferred income

TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Opening balance	0	0
Deferred income for the year	-3,474	0
Recognized as royalty revenue during the year	121	0
Closing balance	**-3,353**	**0**

Prepaid interest expenses

TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Opening balance	0	0
Prepaid expense for the year	1,405	0
Recognized as financial expense during the year	-96	0
Closing balance	**1,309**	**0**

Accounts receivable

TSEK	APR 30, 2019	APR 30, 2018
EUR 200,000	2,128	0

Net sales per type of revenue

Summary of the revenue presented above:

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Supplies	276	162	276	162
Royalty revenue	417	2,377	417	2,377
Sales of goods	1,287	630	1,287	630
Total	**1,980**	**3,169**	**1,980**	**3,169**

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, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Russia	1,584	3,007	1,584	3,007
Sweden	276	162	276	162
Other countries	120	-	120	-
Total	**1,980**	**3,169**	**1,980**	**3,169**

Non-current assets located in Sweden amount to TSEK 489,354 (483,297) and non-current assets located in another country amount to TSEK 5,656 (4,268).

NOTE 6 CAPITALIZED DEVELOPMENT COSTS

Group

	MAY 1, 2018 – APR 30, 2019			MAY 1, 2018 – APR 30, 2019		
TSEK	PACLICAL	PACCAL VET	TOTAL	PACLICAL	PACCAL VET	TOTAL
Opening acquisition cost	316,671	109,408	426,079	307,647	109,275	416,922
Capitalized expenditure for the year	8,431	-	8,431	9,024	133	9,157
Closing accumulated acquisition cost	325,102	109,408	434,510	316,671	109,408	426,079
Opening accumulated amortization	-	-	0	-	-	0
Amortization for the year	-1,379	-	-1,379	-	-	0
Closing accumulated amortization	-1,379	0	-1,379	0	0	0
Closing carrying amount	**323,722**	**109,408**	**433,130**	**316,671**	**109,408**	**426,079**

Parent Company

	MAY 1, 2018 – APR 30, 2019			MAY 1, 2018 – APR 30, 2019		
TSEK	PACLICAL	PACCAL VET	TOTAL	PACLICAL	PACCAL VET	TOTAL
Opening acquisition cost	316,671	109,408	426,079	307,647	109,275	416,922
Divestments for the year	-	-109,408	-109,408	-	-	0
Capitalized expenditure for the year	8,431	-	8,431	9,024	133	9,157
Closing accumulated acquisition cost	325,102	0	325,102	316,671	109,408	426,079
Opening accumulated amortization	-	-	0	-	-	0
Amortization for the year	-1,379	-	-1,379	-	-	0
Closing accumulated amortization	-1,379	0	-1,379	0	0	0
Closing carrying amount	**323,722**	**0**	**323,722**	**316,671**	**109,408**	**426,079**

Capitalized development costs amounted to TSEK 8,431 (9,157) for the financial year and research and development costs which were not capitalized amounted to TSEK 55,653 (56,389), in total TSEK 64,084 (65,546).

During the year, amortization was begun for that part of the reported acquisition cost for Paclical that applies to the Russian market. Amortization for the year amounted to TSEK 1,379 (0).

The rights to Paccal Vet were transferred free of charge from the Parent Company to the American subsidiary, AdvaVet, Inc. This means that the capitalized development costs for Paccal Vet are still included in the Group's, but not in the Parent Company's, closing carrying amount. This internal transfer is recognized under "Divestments for the year" in the Parent Company.

NOTE 7 OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Conciliation payment	-	1,300	-	1,300
Costs charged intra-Group	-	-	24	325
Exchange-rate differences	512	157	512	157
Other	243	296	130	296
Total	**755**	**1,753**	**666**	**2,078**

Oasmia received a conciliation payment of TSEK 1,300 in 2017/2018 in a legal dispute with a supplier concerning defective production equipment.

NOTE 8 INVENTORIES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Raw materials and supplies	5,915	3,093	5,915	3,093
Work in progress	1,505	6,653	1,505	6,653
Total	**7,420**	**9,746**	**7,420**	**9,746**

During the year goods of TSEK 0 (0) were carried as an expense and goods valued at TSEK 11,953 (1,070) were written down, which derives from goods under manufacture whose shelf life had expired as well as produced finished goods, which, however, cannot be expected to be sold.

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

NOTE 9 REMUNERATION TO AUDITORS

	GROUP AND PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
	PwC	Ernst & Young
Auditing	1,796	1,733
Auditing activities in addition to auditing	300	1,200
Tax consulting	85	-
Other services	-	19
Total	**2,181**	**2,952**

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 10 LEASES

The Group has no financial lease agreements, but has operating lease agreements that primarily consist of leases for facilities. Lease costs were TSEK 6,546 (6,370) for the financial year. These consisted of minimum lease payments of TSEK 5,692 (5,654) and variable payments of TSEK 854 (716). Future minimum lease payments for operating leases are as follows:

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Leases expensed during the financial year	6,546	6,370	6,546	6,370
Nominal value of future minimum lease payments is divided up as follows:				
Due for payment within a year	5,492	5,654	5,492	5,654
Due for payment later than a year but within five years	13,141	7,184	13,141	7,184
Due for payment later than five years	0	587	0	587
Total	**18,633**	**13,424**	**18,633**	**13,424**

IFRS 16 Leases replaces IAS 17 and will be applied as from Oasmia's financial year beginning on May 1, 2019. For further information concerning the new standard, see Note 2 Accounting Policies. Pursuant to RFR 2, the Parent Company has elected not to apply IFRS 16 Leases in Legal Entities. Below an explanation is presented of the difference between the operating lease commitments recognized pursuant to IAS 17 at April 30, 2019 and the lease liability recognized at May 1, 2019 and the transitional impact on the consolidated statement of financial position.

Operating lease commitments at April 30, 2019	18,633
Discounting applying the Group's marginal borrowing rate of 6.0%	-1,919
Short-term lease agreements (less than 12 months) expensed on a straight-line bais	-290
Adjustments due to changes in index or price attributable to variable fees	2,537
Lease liability recognized at May 1, 2019	18,960

NOTE 10 cont. →

CONT. NOTE 10 LEASES

TSEK	OB MAY 1, 2019	RECALCULATION IFRS 16	ADJUSTED OB MAY 1, 2019
ASSETS			
Property, plant and equipment	14,701	19,985	34,686
Capitalized development costs	433,130	0	433,130
Other intangible assets	20,176	0	20,176
Financial assets	2,002	0	2,002
Total non-current assets	**470,009**	**19,985**	**489,994**
Inventories	7,420	0	7,420
Accounts receivable - trade	3,534	0	3,534
Other current receivables	3,011	0	3,011
Prepaid expenses and accrued income	14,472	-1,025	13,447
Cash and cash equivalents	116,272	0	116,272
Total current assets	**144,710**	**-1,025**	**143,684**
TOTAL ASSETS	**614,719**	**18,960**	**633,678**
EQUITY			
Total equity	**393,178**	**0**	**393,178**
LIABILITIES			
Lease liability, long-term	0	13,876	13,876
Deferred tax liability	32,822	0	32,822
Total long-term liabilities	**32,822**	**13,876**	**46,698**
Convertible loans	59,568	0	59,568
Other borrowings	80,000	0	80,000
Accounts payable	17,666	0	17,666
Lease liability, short-term	0	5,083	5,083
Other current liabilities	3,217	0	3,217
Accrued expenses and deferred income	28,268	0	28,268
Total current liabilities	**188,719**	**5,083**	**193,801**
Total liabilities	**221,541**	**18,960**	**240,501**
TOTAL EQUITY AND LIABILITIES	**614,719**	**18,960**	**633,678**

NOTE 11 EMPLOYEES AND REMUNERATION

Average number of employees

	GROUP		PARENT COMPANY	
	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Sweden				
Women	28	27	28	27
Men	29	31	29	31
Total Sweden	**57**	**58**	**57**	**58**
US				
Women	0.3	-	-	-
Men	0.3	-	-	-
Total US	**1**	**0**	**0**	**0**
Russia				
Women	0	1	-	-
Total Russia	**0**	**1**	**0**	**0**
Total average number of employees	**58**	**59**	**57**	**58**

Salaries and benefits

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Board	4,442	2,269	2,410	2,269
CEO and other senior executives	5,849	4,712	3,352	4,385
Other employees	27,304	27,001	27,304	26,917
Defined contribution pension plans, incl. Fora	2,945	2,978	2,945	2,877
Defined medical benefits	336	343	316	343
Total salary and remuneration	**40,875**	**37,302**	**36,326**	**36,792**
Social security contributions by law and agreement	9,516	9,551	9,425	9,541
Special employer's contribution, pension expenses	780	801	780	801
Total salaries, remuneration and social security	**51,171**	**47,655**	**46,532**	**47,135**

Health care and medical care

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

BENEFITS FOR SENIOR EXECUTIVES

Board of Directors and Board committees

Remuneration of the Chairman of the Board of Directors and Board members is decided by the Annual General Meeting. There is no remuneration for participation in the Nomination Committee. At April 30, 2019 parts of the Oasmia's Board had received consultancy fees for assignments over and above their work on the Board as from the time when they assumed their duties in March 2019. These consultancy fees are reported in Note 27 Transactions with related parties.

The former Executive Chairman of the Board, Julian Aleksov, was an employee of the company and received a monthly salary. Remuneration was reviewed on April 1 each year. Under the terms of his employment contract he was entitled to pension insurance whereby the company annually paid an amount corresponding to 25 percent of his pensionable salary to a company of his choice. He was also entitled to individual health insurance and medical insurance. The assignment as Executive Chairman of the Board ended in March 2019 and his employment at Oasmia Pharmaceutical AB was terminated in July 2019.

In their capacity as Board members of the subsidiary AdvaVet Inc. for the financial year 2018/2019 Aleksov and Langö's board fees amounting to SEK 406,000 are reported.

Board fees for Lars Bergkvist were invoiced up until September 2017 through the company Axli AB, and Board fees for Alexander Kotsinas were invoiced between April 2017 and September 2017 through the company Windride AB, in accordance with a resolution adopted at a general meeting of shareholders and pursuant to a special agreement with Oasmia Pharmaceutical AB. As from October 2017 all Board members have their Board fees paid as earned income, which is subject to an employer's contribution from Oasmia.

NOTE 11 cont. →

CONT. NOTE 11 EMPLOYEES AND REMUNERATION

CEO

Remuneration paid to Mikael Asp, Oasmia's CEO between May 2015 and July 2019, consists of a fixed salary. The remuneration is reviewed annually on April 1. According to his employment contract, Mikael Asp is entitled to pension insurance, whereby the company shall pay an annual amount corresponding to the ITP scale to a company of his choice. He is also entitled to individual health insurance and medical insurance. If notice of termination is given by the employer, a 12-month term of notice applies. If notice of termination is given by Mikael Asp, the term of notice is 3 months.

After the end of the financial year Sven Rohmann took over as the new CEO. He is not employed by the company and invoices his remuneration.

Terms of employment for other senior executives

Sven Rohmann and Joakim Lindén were part of Oasmia's management team at April 30, 2019 but are not employed by the company and invoice their fee, see Note 27 Transactions with related parties.

Remuneration to other senior executives consists of a fixed salary. 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 medical insurance under their employment contract.

Remuneration to board and other executives

	MAY 1, 2018 – APR 30, 2019			
TSEK	BASE SALARY/ BOARD FEE	SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION	PENSION/ SICKNESS BENEFITS	VARIABLE REMUNERATION
Chairman of the Board, Jörgen Olsson [1]	35	11	-	-
Board member, Gunilla Öhman [1]	18	6	-	-
Board member, Sven Rohmann [1]	18	6	-	-
Board member, Peter Zonabend [1]	18	6	-	-
Chairman of the Board Julian Aleksov [2]	1,754	667	483	18
Board member, Bo Cederstrand [2]	138	22	-	-
Board member, Lars Bergkvist [2]	138	43	-	-
Board member, Alexander Kotsinas [2]	138	43	-	-
Board member, Per Langö [2]	138	43	-	-
CEO, Mikael Asp	1,417	527	345	5
Other senior executives (5 people at end of year, 1 person on average during financial year) [3]	1,910	708	453	20
Total Parent Company	**5,719**	**2,082**	**1,281**	**43**
Julian Aleksov, member of AdvaVet's Board	406	-	-	-
Per Langö, member of AdvaVet's Board	406	-	-	-
Other Board members, CEO and other senior executives in subsidiaries	3 063	91	20	653
Total Group	**9 595**	**2,173**	**1,301**	**697**

[1] Took up position in March 2019. Reported remuneration is accrued Board fee at April 30, 2019. See also Note 27 Transactions with related parties.

[2] Stepped down in March 2019

[3] In April 2019 the management team was expanded. Reported remuneration to other senior executives is only for employed personnel.

	MAY 1, 2017 – APR 30, 2018				
TSEK	BASE SALARY/ BOARD FEE	REMUNERATION UPON TERMINATION OF EMPLOYMENT	SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION	PENSION/ SICKNESS BENEFITS	VARIABLE REMUNERATION
Chairman of the Board, Julian Aleksov	1,702	-	650	456	30
Board member, Bo Cederstrand	150	-	25	-	-
Board member, Lars Bergkvist	150	-	47	-	-
Board member, Alexander Kotsinas	150	-	47	-	-
Board member, Per Langö [1]	88	-	27	-	-
CEO, Mikael Asp	1,378	-	510	334	4
Other senior executives (1 person at the end of the year, 2 people on average during financial year [2]	2,787	202	1,107	675	15
Total Parent Company	**6,405**	**202**	**2,414**	**1,465**	**48**
Senior executives in subsidiaries	326	-	7	78	-
Total Group	**6,732**	**202**	**2,421**	**1,543**	**48**

[1] Took up position in September 2017.

[2] One senior executive stepped down during the year.

NOTE 11 cont. →

CONT. NOTE 11 EMPLOYEES AND REMUNERATION

Gender distribution on the Board and in management

	APR 30, 2019		APR 30, 2018	
	NUMBER ON CLOSING DAY	NUMBER OF MEN	NUMBER ON CLOSING DAY	NUMBER OF MEN
Group				
Board members	16	15	14	14
CEO and other senior executives	11	6	3	2
Parent Company				
Board members	4	3	5	5
CEO and other senior executives	9	5	2	2

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.

NOTE 12 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.

	Group and Parent Company May 1, 2018 – Apr 30, 2019				
TSEK	VEHICLES	INVENTORIES AND PRODUCTION EQUIPMENT	LEASEHOLD IMPROVEMENTS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT	TOTAL
Opening acquisition cost	225	43,847	8,437	146	52,656
Investments for the year	-	1,441	-	1,055	2,496
Sales/disposals	-	-	-	-	0
Closing accumulated acquisition cost	**225**	**45,288**	**8,437**	**1,201**	**55,151**
Opening depreciation	-150	-33,201	-3,777	0	-37,129
Depreciation for the year	-75	-2,806	-440	-3,321	
Sales/disposals	-	-	-	-	0
Closing accumulated depreciation	**-225**	**-36,007**	**-4,217**	**0**	**-40,450**
Closing carrying amount	**0**	**9,281**	**4,220**	**1,201**	**14,701**

Sales/disposals of property, plant and equipment resulted in a capital loss of TSEK 0 (26).

	Group and Parent Company May 1, 2017 – Apr 30, 2018				
TSEK	VEHICLES	INVENTORIES AND PRODUCTION EQUIPMENT	LEASEHOLD IMPROVEMENTS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT	TOTAL
Opening acquisition cost	225	43,684	8,437	146	52,492
Investments for the year	-	415	-	-	415
Sales/disposals	-	-252	-	-	-252
Closing accumulated acquisition cost	**225**	**43,847**	**8,437**	**146**	**52,656**
Opening depreciation	-75	-30,712	-3,337	-	-34,124
Depreciation for the year	-75	-2,715	-440	-	-3,230
Sales/disposals	-	226	-	-	226
Closing accumulated depreciation	**-150**	**-33,201**	**-3,777**	**0**	**-37,129**
Closing carrying amount	**75**	**10,646**	**4,660**	**146**	**15,527**

NOTE 13 OTHER INTANGIBLE ASSETS

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

	GROUP AND PARENT COMPANY MAY 1, 2018 - APR 30, 2019			GROUP AND PARENT COMPANY MAY 1, 2017 - APR 30, 2018		
TSEK	PATENTS	RESEARCH PROJECTS	TOTAL	PATENTS	RESEARCH PROJECTS	TOTAL
Opening acquisition cost	35,025	25,000	60,025	24,038	25,000	49,038
Purchases for the year	1,105	-	1,105	11,881	-	11,881
Divestments			0			0
Disposals		-	0	-894	-	-894
Closing accumulated acquisition cost	**36,130**	**25,000**	**61,130**	**35,025**	**25,000**	**60,025**
Opening accumulated amortization	-14,067	0	-14,067	-12,867	0	-12,867
Amortization for the year	-1,886	-	-1,886	-1,538	-	-1,538
Disposals		-	0	338	-	338
Closing accumulated amortization	**-15,953**	**0**	**-15,953**	**-14,067**	**0**	**-14,067**
Opening accumulated impairment	0	0	0	0	0	0
Impairments for the year	-	-25,000	-25,000	-	-	0
Disposals	-	-	0	0	-	0
Closing accumulated impairment	**0**	**-25,000**	**-25,000**	**0**	**0**	**0**
Closing carrying amount	**20,176**	**0**	**20,176**	**20,958**	**25,000**	**45,957**

NOTE 14 CURRENCY DIFFERENCES – NET

Currency differences are recognized in the income statement as follows:

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Other operating income	512	157	157	157
Other external expenses	-703	-640	-640	-640
Financial items - net	10	-55	-55	-55
Total	**-181**	**-538**	**-538**	**-538**

NOTE 15 OPERATING INCOME

Operating income for the financial year May 1, 2018 – April 30, 2019 was TSEK -150,818 (-103,724). Of the Group's recognized operating expenses of TSEK 156,837 (116,352), TSEK 8,431 TSEK (9,157) was recognized as capitalized development costs.

NOTE 16 FINANCIAL INCOME AND EXPENSES

TSEK	KATEGORI	GROUP MAY 1, 2018 - APR 30, 2019	GROUP MAY 1, 2017 - APR 30, 2018	PARENT COMPANY MAY 1, 2018 - APR 30, 2019	PARENT COMPANY MAY 1, 2017 - APR 30, 2018
Financial income					
Bank accounts	Loans receivable and accounts receivable	19	53	19	53
Loans to Group companies	Loans receivable and accounts receivable	-	-	-	-
Other	-	-	48	143	48
Total financial income		**19**	**101**	**162**	**101**
Interest expenses					
Liabilities to credit institutions	Financial liabilities measured at amortized cost	-95	-66	-95	-66
Convertible loans	Financial liabilities measured at amortized cost	-5,760	-4,093	-5,760	-4,093
Other borrowings	Financial liabilities measured at amortized cost	-10,285	-8,014	-10,285	-8,014
Accounts payable	Financial liabilities measured at amortized cost	-40	-129	-40	-129
Other	-	-369	-9	-369	-9
		-16,549	**-12,311**	**-16,549**	**-12,311**
Other financial expenses and currency differences					
Short-term investments	Financial assets valued at fair value	-	-	-	-
Bank accounts	Loans receivable and accounts receivable	-	-47	-	-47
Convertible loans	Financial liabilities measured at amortized cost	-1,701	-1,923	-1,701	-1,923
Other	-	-9	-109	-9	-109
		-1,710	**-2,079**	**-1,710**	**-2,079**
Total financial expenses		**-18,259**	**-14,390**	**-18,259**	**-14,390**

NOTE 17 INCOME TAXES

The Parent Company and two subsidiaries have their fiscal domicile in Sweden, where the tax rate for the 2018/19 financial year is 22 % (22 %). In addition, one subsidiary has its fiscal domicile in the USA, one in Russia and one in Hong Kong.

The income tax on Group earnings before tax is shown in the table below:

TSEK	GROUP MAY 1, 2018 - APR 30, 2019	GROUP MAY 1, 2017 - APR 30, 2018	PARENT COMPANY MAY 1, 2018 - APR 30, 2019	PARENT COMPANY MAY 1, 2017 - APR 30, 2018
Income before taxes	-169,058	-118,013	-157,988	-118,964
Issue expenses not included in earnings	-10,454	-15,500	-10,454	-15,500
Non-taxable revenues	0	0	0	0
Non-deductible expenses	5,548	1,351	5,548	1,351
Impairment of holdings in subsidiaries	-	-	63	1,532
Taxable income	**-173,964**	**-132,162**	**-162,831**	**-131,581**
Income tax according to current tax rates in Sweden	38,272	29,076	35,823	28,948
Taxable deficits for which no deferred tax asset is recognized	-38,272	-29,076	-35,823	-28,948
Tax on temporary difference	-32,822	-	-	-
Current tax expense	**0**	**0**	**0**	**0**
Of which:				
Current tax	-	-	-	-
Deferred tax	-32,822	-	-	-
Total tax expense	**-32,822**	**0**	**0**	**0**

NOTE 17 cont.

CONT. NOTE 17 INCOME TAXES

At April 30, 2019 the Group had accumulated loss carry-forward from previous years and from the financial year amounting to TSEK 1,183,470 (1,009,345) and the Parent Company had such loss carry-forward of TSEK 1,161,192 (998,361). There are at present no sufficiently convincing reasons to assume that the loss carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been recognized in the balance sheet.

During the year, the right of use for intangible veterinary assets was transferred from the parent company to the US subsidiary AdvaVet, see Note 6. Oasmia is currently conducting a tax assessment of the tax consequences for the parent company in the transaction between the parent company and the US subsidiary. The Swedish Tax Agency is also investigating this issue. Depending on the outcome of this investigation, the Parent Company's loss carryforwards may be reduced.

As a result of the AdvaVet transaction, a temporary difference (the difference between the assets' carrying value and their tax value) of SEK 109,408,000 has arisen. For this temporary difference, a deferred tax expense of SEK 32,822 thousand was recognized in the consolidated income statement and a deferred tax liability in the consolidated financial position report. In calculating the deferred tax effect, the US tax rate has been used.

NOTE 18 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	
	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Earnings attributable to Parent Company shareholders (TSEK)	-201,886	-118,007
Weighted average number of common shares outstanding (thousands)	193,368	166,196
Earnings per share (SEK per share)	-1.04	-0.71

The following instruments outstanding at April 30, 2019 have not given rise to any dilution effect, but could do so in the future:

	NUMBER OF WARRANTS AND CONVERTIBLES	MAXIMUM NUMBER OF SHARES	ISSUE PRICE
Warrants which can be converted to three shares	1,280,250	3,840,750	USD 4.06
Warrants which can be converted to one share, Board and management	5,543,182	5,543,182	SEK 6.37
Warrants which can be converted to one share, Arwidsro Investment AB	24,193,548	24,193,548	SEK 3.10
Warrants which can be converted to one share, others	140,352	140,352	USD 1.69
Convertible loan expiring September 7, 2019	10	1,428,570	SEK 7.70
Convertible loan expiring October 30, 2019	25,5	3,517,236	SEK 14.50
Maximum number of shares		**38,663 638**	

The 24,193,548 warrants that were held by Arwidsro at April 30, 2019, as shown in the above table, were converted to the same number of shares in July 2019.

The 5,543,182 warrants which according to the above table were held by the Board and management at April 30, 2019 expired on August 16, 2019 and no warrants were utilized to subscribe for new shares, although there is an ongoing discussion with one of the warrant holders about possibly subscribing for 750,000 shares.

NOTE 19 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,** imeaning 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.
  In addition to the liquidity risk associated with individual financial instruments, and which is described together with these in this note, there is also a general liquidity risk. Oasmia does not yet find itself in a commercialization stage, which means that revenues and cash flows generated from sales are not yet sufficient to cover the Group's capital and liquidity requirements. This means that there is a risk that Oasmia cannot manage to find existing and new owners who are willing to contribute equity and creditors who are prepared to give loans to a sufficient extent until the company's own sales have reached a sufficient size. See also under the heading "Future financing" in the Administration Report.
- **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.

NOTE 19 cont. →

CONT. NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The market risk that affects Oasmia's financial instruments is primarily:

- *Currency risk: the risk that the exchange rates for the currencies that Oasmia's financial instruments are denominated in develop unfavourably.*
- *Interest-rate risk: the risk that the interest rates Oasmia's financial instruments carry develop unfavourably. However, as the interest rates of all financial instruments outstanding at April 30, 2019 are fixed until maturity, there is no interest-rate risk in these.*

The following sensitivity analysis shows the currency risk in TSEK if exchange rates were to change by 10 percent:

		CURRENCY RISK	
FINANCIAL INSTRUMENT	CURRENCY	APR 30, 2019	APR 30, 2018
Accounts receivable – trade, accrued income and cash and cash equivalents	USD	233	226
	EUR	1	-
	HKD	5	5
	RUB	-	82
Total currency risk		**239**	**313**

		CURRENCY RISK	
FINANCIAL INSTRUMENT	CURRENCY	APR 30, 2019	APR 30, 2018
Accounts payable and other current liabilities	EUR	667	375
	USD	379	318
	RUB	0	20
	GBP	3	26
	HKD	3	
	DKK	2	-
Total currency risk		**1,054**	**739**

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

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

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.

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

Capital management

The company is still in a development 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 cash flow have been achieved. This is done by issuing new shares and convertible loans, 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.

NOTE 19 cont. →

CONT. NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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

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

Oasmia has no financial instruments measured at fair value.

Financial instruments by category

GROUP April 30, 2019

TSEK	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL
Financial assets			
Accounts receivable	3,534	-	3,534
Other current receivables	-	-	0
Accrued income	-	-	0
Short-term investments	-	-	0
Cash and cash equivalents	116,272	-	116,272
Total financial assets	**119,806**	**0**	**119,806**
Financial liabilities			
Convertible loans		59,568	59,568
Other borrowings	-	80,000	80,000
Accounts payable	-	17,666	17,666
Other current liabilities	-	139	139
Accrued expenses	-	13,922	13,922
Total financial liabilities	**0**	**171,295**	**171,295**

GROUP April 30, 2018

TSEK	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	TOTAL
Financial assets			
Accounts receivable	1,578	-	1,578
Other current receivables	33,000	-	33,000
Accrued income	782	-	782
Short-term investments	-	-	0
Cash and cash equivalents	15,580	-	15,580
Total financial assets	**50 940**	**0**	**50,940**
Financial liabilities			
Liabilities to credit institutions	-	-	0
Convertible loans		52,841	52,841
Other borrowings	-	134,419	134,419
Accounts payable	-	9,256	9,256
Other current liabilities	-	169	169
Accrued expenses	-	16,020	16,020
Total financial liabilities	**0**	**212,705**	**212,705**

NOTE 19 cont. →

CONT. NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial assets measured at fair value

As of April 30, 2019 Oasmia has no financial instruments 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.

Loans receivable and accounts receivable

- Cash and cash equivalents to the tune of TSEK 116,272 (15,580) consist of bank balances of TSEK 115,255 (15,279) in Swedish commercial banks and of bank balances of TSEK 1,017 (301) in foreign commercial banks. Of cash and cash equivalents, TSEK 1,042 (794) is balances in foreign currency. These have been translated using the Swedish Riksbank's end-of-month quotation at closing day. 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. However, as the absolute amounts are small, it is assessed that this risk is negligible.
- Accounts receivable of TSEK 3,534 (1,578).

Accounts receivable divided up by currency:

	APR 30, 2019		APR 30, 2018	
Currency	**Value in currency**	**Recognized in SEK**	**Value in currency**	**Recognized in SEK**
EUR	200	2,128	-	-
USD	142	1,346	179	1,555
SEK	60	60	23	23
Total		**3,534**		**1,578**

Age of accounts receivable relative to due date:

TSEK	APR 30, 2019	APR 30, 2019
Not yet due	60	23
Past due date:		
1- 30 days	-	502
31-60 days	-	186
Older than 60 days	3,474	867
Total	**3,534**	**1,578**

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 exchange rate.

Accounts receivable include a credit risk and a currency risk. No provisions have been made for bad debt losses as the amounts due are expected to be received shortly.

During the year, accounts receivable amounting to TSEK 951 (0) was booked as a loss. In addition, during the year accrued income amounting to TSEK 782 (0) was also reported as customer loss, see Accrued income below.

- Other current receivables TSEK 0 (33,000).

	GROUP		PARENT COMPANY	
TSEK	**APR 30, 2019**	**APR 30, 2018**	**APR 30, 2019**	**APR 30, 2018**
Portion of convertible loan 2017:3 not yet paid	-	7,000	-	7,000
Portion of convertible loan 2018:1 not yet paid	-	26,000	-	26,000
Total	**0**	**33,000**	**0**	**33,000**

The current receivables of TSEK 33,000 outstanding at April 30, 2018 were received by the company during the year.

- Accrued income TSEK 0 (782). The accrued income at April 30, 2018 comprised profit sharing stemming from sales in Russia (see Note 5, Segment information). This was derecognized as a bad debt loss during the year.

NOTE 19 cont. →

CONT. NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial liabilities measured at amortized cost

Borrowings to the tune of TSEK 80,000 (134,419) comprise a loan from MGC Capital Ltd.

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Loan from MCG	80,000		80,000	
Loan from Nexttobe	-	102,419	-	102,419
Non-negotiable promissory notes issued in June 2017	-	6,000	-	6,000
Non-negotiable promissory notes issued in April 2018	-	26,000	-	26,000
Total	**80,000**	**134,419**	**80,000**	**134,419**

MGC: The loan plus accrued interest amount to TSEK 82,850 and the fair value to TSEK 82,220. This has been calculated as the net present value of the future cash flow of the loan. A discount rate of 10 percent has been used, which is the assumed market rate for equivalent loans. This involves measurement in accordance with level 3, as described above.

The loan carries interest of 8.5 % and falls due for payment on August 24, 2019.

During the year interest expenses for this loan amounting to TSEK 6,438 were recognized in the income statement 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.

At April 30, 2019 the company had a credit facility of TSEK 40,000 (40,000) from the company's previous principal owner, Alceco International S.A. This credit facility was unutilized at April 30, 2019, as was the case at April 30, 2018. Notice of termination of this credit facility was given by Alceco International S.A. in March 2019 and the credit facility expires on December 31, 2019, in Oasmia's judgment. Interest upon utilization is 5 percent per annum. However, Alceco must be assumed to be insolvent and this credit facility be of no value. None of the loan commitment from Alceco has been utilized. In addition, a bank overdraft facility amounting to TSEK 5,000 (5,000) has been granted but this has not been utilized. A chattel mortgage has been taken out with the bank as collateral for the overdraft facility, see Note 25 "Contingent liabilities and pledged assets".

Convertible loans, TSEK 59,568 (52,841), comprise 2 convertible loans, as follows:

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2019
Convertible loans	59,568	52,841	59,568	52,841
Total	**59,568**	**52,841**	**59,568**	**52,841**

Divided up into the following convertible loans:

DESIGNATION	NUMBER	AMOUNT PER CONVERTIBLE, TSEK	TOTAL LOAN AMOUNT, TSEK	RECOGNIZED	INTEREST	FALLS DUE	CONVERSION PRICE, SEK/ SHARE	NUMBER OF NEW SHARES UPON FULL CONVERSION
2018:2	10	1,100	11,000	10,884	8.0%	Sep 7, 2019	7.70	1,428,570
2018:3	25.5	2,000	51,000	48,684	5.0%	Oct 30, 2019	14.50	3,517,236
Total	**35.5**		**62,000**	**59,568**				**4,945,806**

The fair value of the loans amounts to TSEK 62,465 (54,159). This has been calculated as the net present value of the future cash flow of the loan. A discount rate of 10 percent has been used, which is the assumed market rate for equivalent loans. This involves measurement in accordance with level 3, as described above.

Compared to a bond loan, a convertible loan includes not only an entitlement to receive interest but also the opportunity to receive a certain number of shares instead of repayment of the loan. This additional advantage means that the rate of interest of the convertible loan is lower than the market interest rate for a corresponding bond loan. The fair value of the benefit to Oasmia due to this lower rate of interest is booked, after deductions for issue expenses, directly against equity. The pure loan part of the convertible instruments, that is to say excluding the above-mentioned equity part, is recognized, with deductions for issue expenses, at its fair value as a liability in the balance sheet when it is first booked. Interest expenses are subsequently calculated in accordance with the effective interest method and are charged to the income statement.

As the interest rate up until maturity is pursuant to a written agreement, there is a liquidity risk but no interest-rate risk.

- Accounts payable to the tune of TSEK 17,666 (9,256), Accrued expenses TSEK 13,922 (16,020) and Other current liabilities TSEK 139 (169), in total TSEK 31,727 (25,445), comprise small liabilities to a large number of suppliers and accrued interest for the above-mentioned loans. Amortized cost equals fair value. Of these amounts, TSEK 10,539 (7,397) is liabilities in a currency other than SEK. These involve a currency risk. In addition to this currency risk, there is also a liquidity risk attached to these liabilities.

NOTE 19 cont. →

CONT. NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Remaining time until maturity of financial liabilities

Group, as of April 30, 2019

TSEK	< 3 MONTHS	3 - 6 MONTHS	6 - 12 MONTHS	MORE THAN 1 YEAR
Convertible loans, including interest	-	65,430	-	-
Other borrowings, including interest	-	85,667	-	-
Accounts payable	17,666	-	-	-
Other current liabilities	8	8	15	109
Accrued expenses	9,230	-	-	-
Total	**26,904**	**151,104**	**15**	**109**

Group, as of April 30, 2018

TSEK	< 3 MONTHS	3 - 6 MONTHS	6 - 12 MONTHS	MORE THAN 1 YEAR
Convertible loans, including interest	-	-	58,337	-
Other borrowings, including interest	108,191	-	-	-
Accounts payable	9,256	-	-	-
Other current liabilities	42	42	85	-
Accrued expenses	9,508	-	-	-
Total	**126,997**	**42**	**58,422**	**0**

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Prepaid interest expenses	1,489	12,542	1,489	12,542
Prepaid technical development expenses	7,307	2,562	7,307	2,562
Prepaid rent	1,086	1,045	1,086	1,045
Prepaid insurance premiums	475	473	475	473
Other prepaid expenses	4,115	1,830	3,967	1,821
Accrued income	-	782	-	782
Total	**14,472**	**19,234**	**14,325**	**19,225**

NOTE 21 OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Current financial receivables	-	33,000	-	33,000
VAT receivable	2,719	1,079	2,719	1,079
Other current receivables	292	292	291	191
Total	**3,011**	**34,371**	**3,010**	**34,270**

NOTE 22 SHARE CAPITAL

Specifications of changes in equity are presented in this report for the Group immediately after the statement of financial position and for the Parent Company immediately after the balance sheet. The total number of shares as of April 30, 2019 was 224,900,646 type A (176,406,372 as of April 30, 2018) with a quota value of SEK 0.10 per share. All issued shares have been fully paid for. The development of the number of shares since May 1, 2017 is shown below.

	NUMBER OF SHARES	SHARE CAPITAL, SEK
Opening balance, May 1, 2017	**126,098,166**	**12,609,817**
2017 Rights issue	50,308,206	5,030,821
Closing balance, Apr 30, 2017	**176,406,372**	**17,640,638**
2018 Conversion of warrants	8,064,516	806,452
2018/2019 Conversion of conversion loan	17,481,223	1,748,122
2019 Private placement	22,948,535	2,294,854
Closing balance, Apr 30, 2017	**224,900,646**	**22,490,065**

In July 2019, 24,193,548 warrants were converted to the same number of shares (see also Note 18). This increased the share capital by SEK 2,419,355.

NOTE 23 OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	2019-04-30	2018-04-30
Cash payments for warrants that proved to be invalid	1,480	1,480	-	-
Employee withholding tax/social security contributions	1,596	1,848	1,596	1,848
Other	141	176	139	174
Total	**3,217**	**3,504**	**1,735**	**2,022**

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2019	APR 30, 2018	2019-04-30	2018-04-30
Accrued personnel costs	9,874	6,999	7,016	6,999
Accrued costs for clinical trials	5,823	5,057	5,823	5,057
Accrued interest expenses	4,691	6,579	4,691	6,579
Other accrued expenses	3,735	4,384	3,407	4,373
Deferred income	4,145	0	4,145	0
Total	**28,268**	**23,019**	**25,082**	**23,008**

NOTE 25 CONTINGENT LIABILITIES AN PLEDGED ASSETS

Contingent liabilities

During the financial year 2016/17 warrants were issued in programmes for the Board and management. As these were invalid, however, an Extraordinary General Meeting on June 2, 2017 adopted a resolution whereby these programmes were cancelled. A possible consequence of the programmes being invalid and cancelled 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.

The Parent Company has given a guarantee to a former employee regarding any costs deriving from employment at Oasmia that might possibly affect this former employee at a later date.

In previous reports Oasmia has provided information concerning a claim filed by a supplier that the company has contested. The Board and management have previously assessed that in the event of a negative outcome in any legal dispute, the company would be impacted by a cost of approximately MSEK 10. During the year this claim was relinquished by the supplier in question without any cost for Oasmia.

Regarding contingent liabilities attributable to transactions with Arwidsro and MGC Capital, see Note 27.

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 26 CASH FLOW STATEMENTS

Adjustments for non-cash items

		GROUP		PARENT COMPANY	
TSEK	NOTE	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Depreciation, amortization, impairment and disposals: non-current assets	12, 13	31,587	5,350	31,587	5,350
Impairment of inventories	8	6,425	1,070	6,425	1,070
Non-realized exchange rate differences	19	661	-	1,142	-
Total		**38,673**	**6,420**	**39,155**	**6,420**

Inflow from convertible loans

		GROUP		PARENT COMPANY	
TSEK	NOTE	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Convertible loan 2017:3	19	7,000	21,000	7,000	21,000
Convertible loan 2018:1	19	26,000	-	26,000	-
Convertible loan 2018:2	19	35,200	-	35,200	-
Convertible loan 2018:3	19	51,000	-	51,000	-
Total		**119,200**	**21,000**	**119,200**	**21,000**

Inflow from new share issues

			GROUP		PARENT COMPANY	
TSEK	NUMBER OF SHARES	NOTE	APR 30, 2019	APR 30, 2018	APR 30, 2019	APR 30, 2018
Private placement in March 2019	22,948 535	22	165,018	-	165,018	-
Rights issue in July 2017	50,308 206	22	-	159,282	-	159,282
Total			**165,018**	**159,282**	**165,018**	**159,282**

NOTE 27 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 (formerly Oasmia Animal Health AB), AdvaVet, Inc. (formerly 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, except for Oasmia RUS, which is 80% owned. The subsidiaries are thus under the control of the Parent Company. For further information on the Group, please refer to Note 28 Holdings 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	2018/19	2017/18	2018/19	2017/18
Parent Company's opening liabilities	42	62	2,741	1,601
Transactions during the year	-	-20	-	1,140
Parent Company's closing liabilities	**42**	**42**	**2,741**	**2,741**

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

During the year the Parent Company licensed all veterinary assets to the American subsidiary AdvaVet. The carrying amount of these assets, MSEK 109, has been recognized in the Parent Company as Holdings in Group companies. During the year the Parent Company paid out a financial loan to AdvaVet which amounted to TUSD 750 at April 30. This has been recognized in the Parent Company's balance sheet in the amount of TSEK 7,142. The Parent Company has undertaken, when necessary, to finance AdvaVet with financial loans up to a total of TUSD 1,500.

Transactions between the Parent Company and Oasmia Pharmaceutical Asia Pacific, Ltd, Hong Kong

The Parent Company made a shareholders' contribution of THKD 54 to Oasmia Pharmaceutical Asia Pacific during the year. This was initially reported in the Parent Company as Holdings in Group companies of TSEK 63 but was written down at April 30, 2019. There were no dealings between the companies at April 30, 2019.

Transactions between the Parent Company and Oasmia RUS, Russia

The Russian subsidiary is 80 percent owned by the Parent Company. No transactions took place between the Parent Company and Oasmia RUS during the year and there were no dealings between the two companies at April 30, 2019.

NOTE 27 cont. →

CONT. NOTE 27 TRANSACTIONS WITH RELATED PARTIES

Transactions with key people in senior positions

For salaries and remuneration to the Board and senior executives, please refer to Note 11.

In accordance with a resolution adopted at the Extraordinary General Meeting on June 2, 2017 concerning the issue of warrants, 5,543,182 warrants were issued during the previous financial year and paid as a shareholders' contribution to Oasmia Incentive. These warrants were resold to Oasmia Pharmaceutical AB's incumbent Board and senior management and had not been redeemed at April 30, 2019. All these warrants expired on August 16, 2019 and no warrants were utilized to subscribe for new shares.

In addition to its Board fees, the Board received the following consultancy fees during the year:

TSEK	2018/19
Sven Rohmann	776
Jörgen Olsson	360
Gunilla Öhman	169
Lars Bergkvist	112
Total	**1,417**

Instead of receiving salary, the other senior executives invoiced consultancy fees totalling TSEK 253.

There were no other transactions with key persons.

Transactions with principal owners

A loan of TSEK 6,000 plus TSEK 96 was repaid during the year to Arwidsro Investment AB, Oasmia's principal owner.

On November 1, 2018 Oasmia announced through a press release that the English company MGC Capital Ltd (MGC) had utilized approximately 25.8 million warrants to subscribe for shares and made payment through the partial set-off of a claim on Oasmia that MGC had purchased from Nexttobe on an instalment basis. Approximately 23.2 million of these warrants had been issued to Arwidsro as part of a financing agreement announced by Oasmia on January 2, 2018.

Oasmia's previous understanding was that approximately 23.2 million of the warrants had been transferred to MGC. However, Arwidsro has not consented to or in any other way taken part in any transfer of its warrants to MGC.

On November 15, 2018 Arwidsro applied for a court order for precautionary measures pursuant to chapter 15 section 3 of the Swedish Code of Judicial Procedure and the application was granted through a ruling announced by Stockholm District Court the same day. The ruling stopped Oasmia from taking further measures to carry out the issue of 23.2 million shares to MGC through utilization of the warrants.

On November 9, 2018 Arwidsro requested that Oasmia issue certificates for the warrants. Arwidsro has subsequently repeated its request to Oasmia on a number of occasions that the certificates be issued.

On December 3, Oasmia 2018 invoked arbitration proceedings for an arbitration tribunal to determine that Oasmia was not obliged to take a loan from Arwidsro and that Arwidsro was not entitled to the 23.2 million warrants and was obliged to return these warrants. Arwidsro filed a counteraction demanding that Oasmia issue certificates for the aforesaid warrants.

Despite extensive investigation initiated by Oasmia's current Board of Directors, Oasmia has not been able to establish that Oasmia's previous Board had evidence to regard MGC as the owner of the warrants. Oasmia's current Board assesses that the new issue of shares intended through the exercise of warrants and offsetting against the claim on Oasmia on October 31, 2018 cannot be considered valid. Thus, the claim that MGC then tried to offset against their loan to Oasmia should be recorded as a liability in Oasmia. Furthermore, in the assessment of Oasmia's current Board, MGC has not been able to demonstrate that MGC was the holder of the warrants in question.

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 (see above). The claim is set at approximately MSEK 80 plus interest and additional claims for damages of MSEK 230. It is based on the assumption that MGC was entitled to the warrants and that in November 2018 disposed of all its shares. MGC has applied for a subpoena partly for the claim of MSEK 80 and partly for damages that have been adjusted to MSEK 230. Oasmia's Board of Directors thus considers that MGC's claim has no merit and has therefore disputed it.

Oasmia's current Board of Directors considers that the payments by set-off that MGC made when exercising warrants on September 7, 2018 and tried to make on October 31, 2018 were in breach of agreement. Under the agreement, the credit was pledged and fell due for payment on August 24, 2019. In addition, Oasmia paid approximately MSEK 7 to MGC on November 27, 2018. This was a prepayment of loans in a situation where Oasmia's liquidity was strained.

Arwidsro and Oasmia came to an agreement during July 2019, that is after closing day, whereby the abovementioned dealings between the two parties were resolved. For further information, see Note 30.

Financial loan transactions with related parties

At April 30, 2019 there was a credit facility of TSEK 40,000 (40,000) at Oasmia's disposal from one of the company's previous principal shareholders, Alceco International S.A. Interest upon utilization was 5 percent per annum. This credit facility was completely unutilized at April 30, 2019. Notice of termination of this loan commitment was given by Alceco International S.A. on March 18, 2019 and it expires on December 31, 2019.

Other transactions with related parties

Ardenia Investment Ltd, which is equally controlled by Oasmia's founders Bo Cederstrand and Julian Aleksov, is registered as the applicant for and the holder of the underlying patents for Oasmia's business. Pursuant to an agreement between Ardenia and Oasmia, the rights to these patents have been transferred to Oasmia. Up until March 19, 2019, when Julian Aleksov and Bo Cederstrand left Oasmia's Board, Ardenia was a related party to Oasmia.

Ardenia recharged Oasmia for administrative expenses for these patents during the year. These invoices amounted to TSEK 52 (1,524).

There were no open dealings between Oasmia and Ardenia at April 30, 2019. There were no dealings between the two parties at April 30, 2018 either.

NOTE 28 HOLDINGS IN GROUP COMPANIES

TSEK PARENT COMPANY	REG. NO.	DOMICILE	OWNER-SHIP %	VOTES %	BOOK VALUE APR 30, 2019	BOOK VALUE APR 30, 2018
Qdoxx Pharma AB	556609-0154	Uppsala	100	100	50	150
Oasmia Incentive AB	556519-8818	Uppsala	100	100	10	10
AdvaVet, Inc.	E0300362015-6	Nevada, USA	100	100	109,553	145
Oasmia Pharmaceutical Asian Pacific, Ltd	2383363	Hong Kong	100	100	50	50
Oasmia RUS, LLC	1177746442620	Moscow	80	80	0	0
Total					**109,663**	**355**

	PARENT COMPANY	
TSEK	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Opening acquisition cost	12,844	11,067
Investments during the year	109,471	1,777
Closing accumulated acquisition cost	**122,315**	**12,844**
Opening impairment	-12,489	-10,957
Impairment for the year	-163	-1,532
Closing accumulated impairment	**-12,652**	**-12,489**
Closing carrying amount	**109,663**	**355**

Impairment for the year, TSEK -163 (-1,532), is recognized in the Parent Company income statement under the item Income from holdings in Group companies.

NOTE 29 ALLOCATION OF NON-RESTRICTED EQUITY

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

SEK	APR 30, 2019	APR 30, 2018
Share premium reserve	1,479,826,299	1,232,603,020
Retained earnings	-936,258,117	-808,607,126
Income for the year	-157,987,515	-118,963,649
Total	**385,580,667**	**305,032,245**

The Board proposes that the 2019 Annual General Meeting adopts a resolution that the above amount available of SEK 385,580,667 (305,032,245) be carried forward.

NOTE 30 EVENTS AFTER CLOSING DAY

- Oasmia presents results from two clinical studies of Docecal in patients with metastatic breast cancer
- The Board of Directors has appointed a special examiner to give all shareholders basis for decision regarding discharge from liability before the AGM
- The Board of Directors has found questionable transactions between Oasmia and companies controlled by former chairman Julian Aleksov that have not been reported. The Board of Directors has decided to report these transactions to the Swedish Economic Crime Authority
- Sven Rohmann is appointed as interim CEO
- Oasmia announces the formation of its Scientific and Business Advisory Boards
- An agreement has been reached between Oasmia and its largest owner Arwidsro. It is partly about solving earlier unclear balances and partly about supporting the planned commercialization of Oasmia with more capital
- Oasmia has discontinued the engagement and cooperation with the former working chairman Julian Aleksov without any additional compensation to be paid
- Oasmia has been delisted from NASDAQ in the US to reduce complexity and costs
- Oasmia completes its management team with the recruitment of two General Managers to accelerate commercialization of Oasmia

NOTE 31 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 (convertible loans and other borrowings) with deduction of cash and cash equivalents and short-term investments.
Debt/equity ratio:	Net liability as a ratio of equity.
Return on total assets:	Operating income plus financial income as a percentage of the average balance sheet total.
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:

	MAY 1, 2018 - APR 30, 2019	MAY 1, 2017 - APR 30, 2018
Equity per share		
Equity at end of period, TSEK	393,178	345,042
Number of shares at end of period, thousands	224,901	176,406
Equity per share, SEK	**1.75**	**1.96**
Equity/assets ratio		
Equity at end of period, TSEK	393,178	345,036
Balance sheet total at end of period, TSEK	614,719	568,075
Equity/assets ratio	**64%**	**61%**
Net liability, TSEK		
Convertible loans	59,568	52,841
Other borrowings	80,000	134,419
Total borrowings	**139,568**	**187,260**
Cash and cash equivalents	116,272	15,580
Total cash, cash equivalents and short-term investments	**116,272**	**15,580**
Net liability	**23,296**	**171,680**
Debt/equity ratio		
Net liability, TSEK	23,296	171,680
Equity, TSEK	393,178	345,036
Debt/equity ratio	**6%**	**50%**
Return on total assets		
Operating income plus financial income, TSEK	-150,799	-103,623
Balance sheet total at beginning of period, TSEK	568,075	521,583
Balance sheet total at end of period, TSEK	614,719	568,075
Average balance sheet total, TSEK	591,397	544,828
Return on total	**-25%**	**-19%**
Return on equity		
Income before taxes, TSEK	-169,058	-118,013
Equity at beginning of period, TSEK	345,042	300,371
Equity at end of period, TSEK	393,178	345,036
Average equity, TSEK	369,110	322,704
Return on equity	**-46%**	**-37%**

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 September 26, 2018.

Uppsala, September 4, 2019

JÖRGEN OLSSON
Chairman of the Board

SVEN ROHMANN
Board member and CEO

PETER ZONABEND
Board member

GUNILLA ÖHMAN
Board member

Our Auditor's Report was submitted on September 5, 2019

PricewaterhouseCoopers AB

JOHAN ENGSTAM
Authorized Public Accountant

AUDITOR'S REPORT

TO THE GENERAL MEETING OF SHAREHOLDERS OF OASMIA PHARMACEUTICAL AB (PUBL), CORP. REG. NO. 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 1 May 2018 to 30 April 2019 financial year except for the corporate governance statement on pages 30-33. The annual accounts and consolidated accounts of the Company are included on pages 20-75 of 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 Parent Company as of 30 April 2019 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 30 April 2019 and its 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 30-33. 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 income statement and statement of financial position for the Group.

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

Basis for Opinions

We have conducted the 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.

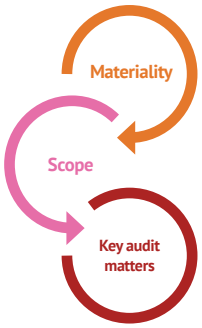
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty regarding the going concern basis of accounting

Without impacting our opinions above, we would like to draw attention to the administration report and notes 3 and 19 in the annual accounts and consolidated accounts, which show that the Group recognises a loss of SEK 202 M for the year ending 30 April 2019, and that the Group is in need of additional capital contributions and financing to be able to continue operations. These circumstances indicate that there is a substantial uncertainty that could lead to significant doubt concerning the Company's ability to continue as a going concern.

Our audit approach

Overview



Materiality

- Overall materiality threshold: SEK 6.1 M, corresponding to 1% of total assets.

Key audit matters

- Valuation of capitalised development costs
- Tax effect of the AdvaVet transaction

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the Managing Director and Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board of Directors' and Managing Director's override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the financial statements as a whole (see table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Group materiality threshold	SEK 6.1 M
How it was determined	1% of total assets
Motivation for the choice of materiality threshold	We chose assets as a benchmark, since the Company has yet to generate any significant revenue and the operations primarily consist of drug development with major assets in the form of capitalised development costs. Auditing standards consider the level of 1% of assets to be an acceptable quantitative materiality threshold.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, 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. In addition to the circumstances described in the *Material uncertainty regarding the going concern basis of accounting* section, we have established that the circumstances detailed below constitute the key audit matters that we are tasked with communicating in the auditor's report.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of capitalised development costs *Refer to Note 2 Accounting policies, Note 3 Significant accounting estimates and judgements, and Note 6 Capitalised development expenditure.* Capitalised drug development costs of SEK 433 M comprised a material part of the Oasmia Group's balance sheet as at 30 April 2019. A risk exists that future estimated cash flow does not correspond to the carrying amount for capitalised drug development costs with a consequent risk of an impairment requirement. The assets will not be subject to amortisation until all the necessary approvals have been received to permit sales in a market. According to the Oasmia Group's procedure, the value of capitalised development costs is tested each year for impairment. This test is based on the recoverable amount, which corresponds to the value of the discounted cash flows for the identified assets. The estimated recoverable amount is based on future projections and assumptions that have been approved by the Board of Directors. Accordingly, the impairment test contains assumptions that are material to the estimated recoverable amount. This includes assumptions regarding future sales, margin trends and the discount rate (WACC).	In our assessment of these assumptions, which are described in notes 2-3, and to ensure the accuracy of valuations we have conducted audit procedures that included the following: • We have tested and evaluated the management's assumptions pertaining to the discount rate, sales and margins. We tested the assumptions based on what is included in the Company's launch plan, and where possible, with other verifiable information. This provided us with a basis to test the assumptions pertaining to future cash flow. In terms of the discount rate, this was based on our review of the Company's calculation of the WACC and assessment of the risk inherent in operating a business. • Moreover, in conjunction with testing for any need for impairment, we have reviewed a sensitivity analysis prepared by the Company measuring sensitivity to negative changes in material parameters that on an individual or collective basis could result in a need for impairment arising. • We have also assessed whether the accounting policies and disclosures in the annual accounts are fair and true, and in accordance with IFRS. No material deviations have arisen based on this review which occasioned a report to the Audit Committee.
Tax effect of the AdvaVet transaction *Refer to Note 2 Accounting policies, Note 3 Significant accounting estimates and judgements, and Note 17 Income tax.* Oasmia has substantial loss carry-forwards that are detailed in Note 17 and, accordingly, pays no corporation tax, and has made the assessment that no sufficiently convincing reasons exist for the loss carry-forwards to be used in the foreseeable future, and thus no deferred tax assets are recognised. The Parent Company has already transferred the rights to its subsidiary AdvaVet, which resulted in tax consequences that are detailed in Note 17. This entailed recognition of a deferred tax liability of SEK 32 M and means that the amount of the tax loss carry-forwards recognised includes uncertainties since the final fiscal value of the transferred AdvaVet rights has yet to be established.	In our assessment of the management's estimates and assumptions, which are described in notes 2-3 and 17, we have conducted auditing activities that included the following: • We have tested and evaluated the management's assumptions and estimates of the tax consequences entailed by the transaction, their accounting effects and the remaining uncertainties. • We have also assessed whether the accounting policies and disclosures in the annual accounts are fair and true, and in accordance with IFRS. No material deviations have arisen based on this review which occasioned a report to the Audit Committee.

Other matters

The audit of the annual accounts for the 1 May 2017 to 30 April 2018 financial year was performed by another auditor who submitted an auditor's report dated 24 August 2018, with unmodified opinions in the Report on 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 1-19 and 80-82. 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available from the Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion with qualification and statement

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and Managing Director of Oasmia Pharmaceutical AB (publ) for the 1 May 2018 to 30 April 2019 financial year, and of the proposed appropriation of the Company's profit or loss.

We recommend that the meeting of shareholders resolve to appropriate the profit in accordance with the administration report and to grant the Board members Jörgen Olsson, Sven Rohmann, Peter Zonabend and Gunilla Öhman, who joined the Board on 19 March 2019, and the Managing Director Mikael Asp discharge from liability for the financial year. As a consequence of the circumstances described in the "Basis for Opinions" section, we do not recommend granting the former Board members Julian Aleksov, Lars Bergkvist, Bo Cederstrand, Alexander Kotsinas and Per Langö, all of whom stepped down from the Board on 19 March 2019, discharge from liability for the financial year.

Basis for opinions

As detailed in the annual accounts (refer to the administration report and Note 27 among other items), in conjunction with the measures taken with the aim of securing new financing, the Company found itself in a dispute with two of the Company's shareholders, Arwidsro Investment AB and MGC Capital Ltd, with regard to the allotment of warrants and subscription for shares. With regard to the dispute that arose with Arwidsro Investment AB, the parties reached a settlement in July 2019. On the basis that MGC Capital Ltd believes that it has the right to subscribe for shares in accordance with the number of warrants allotted, MGC Capital Ltd has initiated a lawsuit against Oasmia and claimed compensation in an amount of just over SEK 300 M.

Moreover, in a ruling dated 25 March 2019 (2019:13), the Swedish Securities Council found that the Company had acted in breach of good stock market practice as a result of violations of the Companies Act. Among other actions, the Company has not respected one shareholder's right to request the Board of Directors to call a meeting of shareholders, which in the opinion of the Council means that the Company has not respected the basic rights of shareholders.

The Board of Directors that took office on 19 March 2019 has tasked a special investigator with examining whether the previous Board's actions caused damage to the Company and whether any liability for damages exist. This investigation has yet to be completed.

The above circumstances have led us to give particular consideration as to whether the officers, who were active in the Company until 19 March 2019, should be granted a discharge from liability toward the Company. At this point, we would like to draw attention to the fact that no evidence has arisen to indicate that the Managing Director during the financial year either participated in the decisions which brought about the aforementioned disputes or exercised any influence over the circumstances which led to the criticism from the Swedish Securities Council.

Firstly, with regard to the criticism received by the Company from the Swedish Securities Council, our opinion is that it cannot be ruled out that it will be addressed by the stock exchange's Disciplinary Committee, which may in turn order the Company to pay a material fine.

Secondly, as regards the previous Board's allotment of warrants and the subsequent right to subscribe for shares, which gave rise to disputes with the Company's shareholders, we make the following assessment. The actions taken by the previous Board involved relatively complex legal considerations. Whether the Company's previous Board acted negligently and, consequently, caused a financial loss for the Company is therefore difficult to assess. What can be stated is that the dispute is ongoing and that this matter is being examined as part of the ongoing special investigation.

Given the above circumstances, in particular the ruling from the Swedish Securities Council that the previous Board acted in breach of good stock market practice, a risk exists that on the basis of negligence the Company's previous Board has occasioned the Company financial damage, which is not insignificant. Consequently, as a result of this risk of injury, we recommend that the general meeting of shareholders does not discharge the former Board members from liability toward the Company.

We have performed an audit according to 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 organisation 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 organisation 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 fulfil 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, 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 Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposed appropriation profits or treatment of losses, and therefore our opinion on this, is to assess with reasonable 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.

A further description of our responsibility for the audit of the administration is available from the Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 30-33 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement has been conducted in accordance with FAR's auditing standard RevU 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 this 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.

PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Oasmia Pharmaceutical AB by the general meeting of the shareholders on 25 September 2018 and has been the Company's auditor from that date.

Stockholm, 5 September 2019

PricewaterhouseCoopers AB

JOHAN ENGSTAM
Authorised Public Accountant

QUARTERLY DATA – GROUP

TSEK		Q1 MAY-JUL	Q2 AUG-OCT	Q3 NOV-JAN	Q4 FEB-APR	FULL YEAR MAJ-APR
Net sales	2018/19	128	158	1,427	266	1,980
	2017/18	20	1,651	656	843	3,169
Change in inventories of products in progress and finished goods	2018/19	-230	0	-260	-4,658	-5,148
	2017/18	-8	-7	-9	-1,427	-1,450
Capitalized development costs	2018/19	2,449	3,858	2,642	-518	8,431
	2017/18	2,204	1,998	2,483	2,472	9,157
Operating expenses	2018/19	-28,976	-26,844	-30,288	-70,738	-156,837
	2017/18	-30,670	-27,217	-28,355	-30,204	-116,352
Operating income	2018/19	-26,572	-22,627	-26,428	-75,192	-150,818
	2017/18	-28,421	-22,129	-25,158	-28,017	-103,724
Income after tax	2018/19	-31,102	-60,982	-30,260	-79,539	-201,881
	2017/18	-31,713	-25,094	-29,120	-32,086	-118,013
Earnings per share, SEK*	2018/19	-0.18	-0.33	-0.13	-0.40	-1.04
	2017/18	-0.23	-0.14	-0.16	-0.18	-0.71
Weighted average number of shares, in thousands*	2018/19	176,974	185,417	226,330	212,524	193,368
	2017/18	136,675	175,360	176,406	176,406	166,196
Equity per share, SEK*	2018/19	1.79	1.80	1.75	1.75	1.75
	2017/18	2.35	2.22	2.06	1.96	1.96
Equity/assets ratio, %	2018/19	60	67	71	64	64
	2017/18	65	69	65	61	61
Net liability	2018/19	167,861	118,780	78,187	23,296	23,296
	2017/18	32,400	69,402	113,618	171,680	171,680
Debt/equity ratio, %	2018/19	52	30	20	6	6
	2017/18	8	18	31	50	50
Number of employees at year-end	2018/19	57	57	57	60	60
	2017/18	61	58	58	58	58

GLOSSARY

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

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