

Corporate governance report

Fiscal year May to December 2020

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

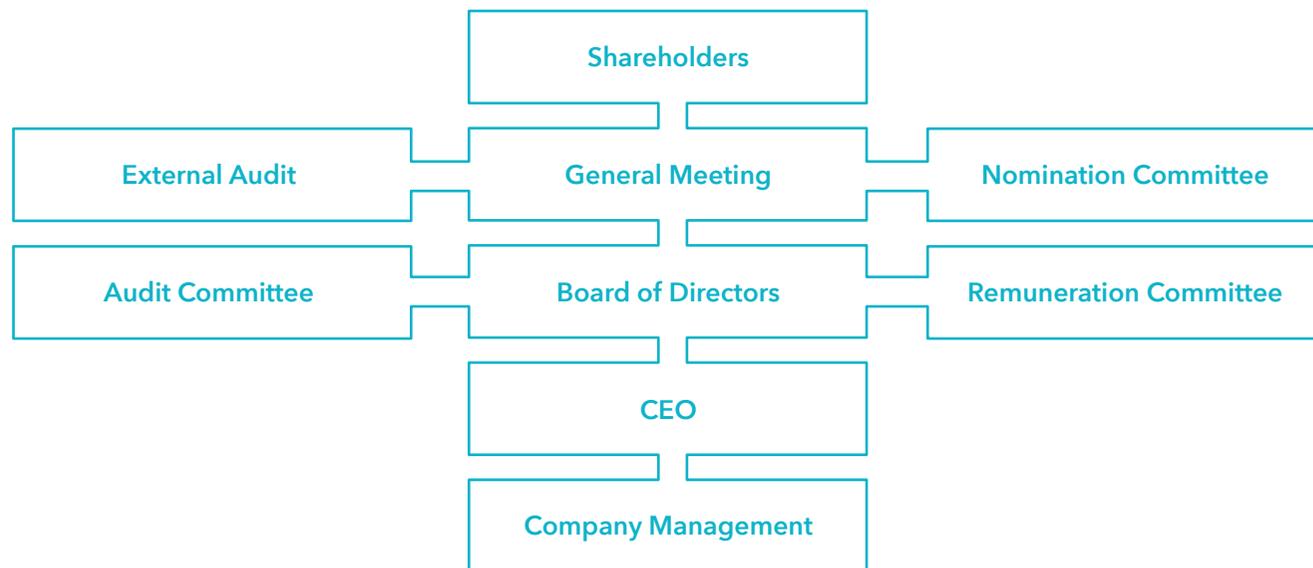
Oasmia is a public limited liability company listed on Nasdaq Stockholm and the Frankfurt Stock Exchange. Governance at Oasmia is based on the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code and other relevant laws,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

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

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

Swedish Corporate Governance Code

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



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

The share and shareholders

Oasmia's share has been listed on NASDAQ Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. On December 31, 2020, the total number of shares in Oasmia amounted to 448,369,546 and each share

carries one vote at the general meeting of shareholders. As of December 31, 2020, the number of known shareholders amounted to 22,303. With 24.8% of the share capital and votes, the holding of Per Arwidsson (privately, through related parties and companies) represents at least 10% of all votes in Oasmia. The ten largest shareholders owned 40.5% of the total number of shares. For additional information on the ownership structure, see "The Share" section on page 30.

General meeting of shareholders

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

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

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

2020 Extraordinary General Meeting

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

- The Board until the 2020 Annual General Meeting should consist of five Board members.
- Former Board member Anders Härfstrand was elected the new Chairman of the Board and Birgit Stattin Norinder a new member of the Board. Jörgen Olsson, former Chairman of the Board, and Gunilla Öhman, former Board member, stepped down from the Board.
- An increase in Board fees to SEK 250,000 for Board members and SEK 500,000 for the Chairman of the Board as well as SEK 50,000 of the Chairman of a committee and SEK 25,000 for members of a committee.

- To approve the Board's decision to issue employee stock options to CEO François Martelet. The Board has in connection with the employment agreement negotiations for new CEO François Martelet offered 896,739 employee stock options, subject to continued employment for a period of three years, which can be exercised between February 13, 2023 and February 13, 2024, and with an agreed upon strike price of SEK 7.36 per share (corresponding to approximately 150% of the prevailing share price when the employment was agreed and published). The stock options are issued free of charge, and thus in addition to fixed base salary, short-term variable incentives and other usual employee benefits, with the purpose of creating a long-term incentive for the CEO in line with the interests of the shareholders. The costs incurred by the company are accounted for on an ongoing basis in accordance with IFRS 2, whereby the fair value of the options on adoption by the AGM in May is allocated as a cost over the vesting period. In the event the vesting terms pertaining to continued employment are not met, no IFRS 2 cost is recognized and any previously recognized cost is reversed. In addition, the cost of social security contributions is recognized over the vesting period based on the fair value of the options at the respective closing dates and finally at any benefit value used to calculate social security contributions.

2020 Annual General Meeting

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

- Adoption of the income statement and balance sheet, and the consolidated income statement and the consolidated balance sheet for the 2019/2020 fiscal year.
- Discharge from liability for the Board and CEO for the 2019/2020 fiscal year.

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

conversion of warrants and convertible bonds issued under the authorization).

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

2021 Annual General Meeting

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

Nomination Committee

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

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

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

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

The Nomination Committee ahead of the 2021 AGM comprises the following members:

- Per Arwidsson (Chairman of the Nomination Committee), appointed by Arwidssro Investment AB,
- Håkan Lagerberg, appointed by Mastan AB, and
- Anders Härfstrand, Chairman of Oasmia.

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

Auditor

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

Board of Directors

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

Birgit Stattin Norinder, Hege Hellström, and Peter Zonabend as Board members.

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

Board duties and procedures

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

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

Chairman of the Board

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

Committees

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

The committees are both preparatory and administrative bodies.

Audit Committee

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

Remuneration Committee

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

Evaluation of the Board and CEO

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

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

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

Attendance, 2020 fiscal year

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

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

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

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

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

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

The Board's work during the fiscal year

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

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

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

CEO and management

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

Internal control over financial reporting

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

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

Control environment

The basis of the internal controls concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal steering documents

such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

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

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

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

Risk assessment

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

The Board initiates an annual risk identification process and the results of the risk identification are evaluated by the

Board in order to make an assessment of what steps need to be taken. The Board believes that the company has effective internal controls over financial reporting.

Control activities

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

Information and communication

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

Follow-up

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

Board



1. Anders Härfstrand

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

Born: 1956

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

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

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

Shareholding*: 30,000 shares

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

2. Birgit Stättin Norinder

Board member since May 2020.

Born: 1948

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

Previous experience: Extensive experience from international pharmaceutical and biotechnology companies in Sweden, the US and UK. Amongst many positions she has served as CEO and Chairman of Profilix Ltd., Senior VP Worldwide Product Development

at Pharmacia & Upjohn and as Director of the International Regulatory Affairs Division at Glaxo Group Research Ltd. Norinder has also held several Board and Chairman positions at European biotechnology companies.

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

Shareholding*: -

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

3. Hege Hellström

Board member since September 2019.

Born: 1965

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

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

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

Shareholding*: -

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

4. Peter Zonabend

Board member since March 2019.

Born: 1980

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

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

Other assignments: CEO Arwidsro, Board assignment at Arwidsro.

Shareholding*: 500,000 shares

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

Auditor in charge

Duane Swanson
Authorized Public Accountant
KPMG AB

* As of December 31, 2020

Group management



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1. Francois Martelet

Chief Executive Officer

Born: 1960

Employed since: 2020

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

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

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

Shareholding*: 20,000 shares

Warrants*: 896,739 warrants



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3. Fredrik Järsten

Chief Financial Officer

Born: 1967

Employed since: 2021

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

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

Shareholding*: 36,500

Warrants*: -

4. Heidi B. Ramstad

Chief Medical Officer

Born: 1969

Employed since: 2021

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

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



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2. Elin Trampe

Chief Technical Officer

Born: 1980

Employed since: 2018

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

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

Shareholding*: -

Warrants*: -



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Roche and GSK, serving as Country Medical Director for Norway, and at Pfizer as the Nordic Medical Director for Specialty Care.

Shareholding*: -

Warrants*: -

5. Peter Selin

Chief Business Officer

Born: 1973

Employed since: 2020

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

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

Shareholding*: -

Warrants*: 75,000

6. Reinhard Koenig

Chief Scientific Officer

Born: 1960

Employed since: Consultant

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

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

Shareholding*: -

Warrants*: -

* As of December 31, 2020

Auditor's Report

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

Report on the annual accounts and consolidated accounts

Opinions

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

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

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Description of key audit matter

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

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

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

Capitalized development costs

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

Response in the audit

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

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

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-30 and pages 85-86. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the

group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Oasmia Pharmaceutical AB (publ) for the financial year 2020-05-01–2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43–49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Oasmia Pharmaceutical AB (publ) by the general meeting of the shareholders on the 9 September 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm, April 29, 2021

KPMG AB KPMG AB

Duane Swanson
Authorized Public Accountant

Henrik Lind
Authorized Public Accountant