

Oasmia Pharmaceutical AB (publ)

Interim report for the period May 1 – July 31, 2019

EVENTS IN FIRST QUARTER

- Oasmia presented results from two clinical studies of Docecal in patients with metastatic breast cancer
- The Board of Directors appointed a special examiner to give all shareholders basis for decision regarding discharge from liability before the AGM
- Oasmia has found questionable transactions between Oasmia and companies controlled by former chairman Julian Aleksov that have not been reported. The Board of Directors decided to report these transactions to the Swedish Economic Crime Authority. Oasmia discontinued the engagement and cooperation with Julian Aleksov without any additional compensation to be paid.
- Sven Rohmann was appointed as acting CEO
- Oasmia announced the formation of its Scientific Advisory Board
- Nina Heldring was appointed acting CMO
- Oasmia appointed its Business Advisory Board with the aim of mainly supporting the commercialization of Apealea and evaluating development and market opportunities for the other product candidates.
- An agreement was reached between Oasmia and its largest owner Arwidsro. It was partly about solving earlier unclear balances and partly about supporting the planned commercialization of Oasmia with more capital

EVENTS AFTER THE QUARTER

- Oasmia ADSs were delisted from NASDAQ in the US to reduce complexity and costs
- Oasmia recruited two General Managers to its management team
- Oasmia published its annual report for 2018/2019 and adjusted accounts due to write-downs. The company's auditors did not recommend former Board to be granted discharge from liability
- The special examiner appointed by Oasmia's Board, Svante Forsberg (Deloitte), submitted his report on investigation of liability issues ahead of the upcoming Annual General Meeting

FIRST QUARTER May 1, 2019 – July 31, 2019

- Consolidated net sales amounted to TSEK 182 compared to TSEK 128 in the corresponding quarter the previous year
- Operating loss was TSEK (35,909) compared to TSEK (26,572) in the corresponding quarter the previous year
- Net loss after tax amounted to TSEK (39,928) compared to TSEK (31,102) in the corresponding quarter the previous year
- Loss per share was SEK (0.17) compared to SEK (0.18) in the corresponding quarter the previous year



CHAIRMAN OF THE BOARD'S COMMENTS

Time to focus ahead

It has been hectic summer months for the Board in Oasmia. We have had two clear ambitions and work processes. One has been to clean up a number of areas that have historically been handled in a questionable way - a complicated and very time-consuming task. We will thus provide Oasmia with a stable and professional foundation for continued development. During the summer we have managed to move forward in several of these problematic areas. We have delisted Oasmia's ADSs (American Depository Shares) from NASDAQ in the US, resulting in reduced costs and less of unnecessary administration. We have resolved parts of the so-called ownership dispute in the company through a settlement with Arwidsro that has strengthened the company's finances. We have also worked hard to obtain clarity and necessary documentation on a number of issues that are linked to the company's former working chairman and the former Board of Directors. We have let both the company's auditors and a special examiner, the audit firm Deloitte, make their assessment. Both parties recommend that the former Board of Directors should not be given discharge from liability at the forthcoming AGM. We have also submitted the matter with well-substantiated documentation to the Swedish Economic Crime Authority. From the Board of Directors' side, this particular process is thus approaching the final stage. Now, others will take over. On the other hand, the Board of Directors and the management still have work to do regarding the restructuring of the American subsidiary AdvaVet - also a legacy from the former Board of Directors.

The second and, of course, significantly more positive part consists of developing the core business and preparing the company for the commercialization that is now getting closer. Key recruitments have been made and the Board together with the new management have re-examined Oasmia's most important value drivers. With this as a starting point, a launch plan for Apealea and a commercialization plan of our XR17 platform are now under development, as well as a comprehensive business plan and strategy for the entire company. As part of this work, the Board also evaluates strategic and long-term financing alternatives in order to support the new business plan.

The work with the business plan has created new energy in the business and this work, like other processes in the company, is now also done with the backing of our newly appointed and reputable Scientific and Business Advisory Boards. The proposed Board members, if elected, will also of valuable support to our business going forward. After an intensive summer, it is now time for the Board to focus ahead. We will continue to try to give the company a solid foundation to realize the significant potential that exists in Oasmia.



Jörgen Olsson, Chairman of the Board of Oasmia

STATUS OF THE BOARD'S REVIEW

The company's new Board of Directors has worked intensively with the review that was started after the EGM on March 19, 2019. As mentioned earlier, this work has been considerably more extensive than expected and covered all operational and strategic aspects. Some issues have required consultation with a number of external legal experts. Some measures have been implemented and have been communicated to the market on an ongoing basis. The status of selected outstanding parts of the review is as follows:

- **Report from the special examiner regarding discharge from liability:** In connection with Oasmia's year-end report in June 2019, the company's Board of Directors made a decision to appoint a special examiner, the audit firm Deloitte (Svante Forsberg responsible investigator), to investigate the previous Board's responsibility in a number of issues that were highlighted by the ongoing review, initiated by the current Board of Directors in March 2019. Deloitte's mission and purpose of the report



was to assist the forthcoming Annual General Meeting in Oasmia with a decision basis on whether Oasmia shareholders should grant discharge from liability to Oasmia's Board members and CEOs for the financial year ended on April 30, 2019. The report was published on September 18 and Deloitte's concluding recommendation was that each of the former Board members should be denied discharge from liability at the AGM.

• **Notification to the Swedish Economic Crime Authority:** In connection with a tax audit in Oasmia in the spring of 2019, a number of questionable transactions and circumstances came to the notice of the Board. Also, tax audits carried out during 2014-2016 have noted a number of transactions in million amounts carried out over several years, which have not been accounted for in the books of the company. These transactions have taken place between Oasmia and the companies Alceco International S.A. and Ardenia Investments Ltd, which were controlled by among others former working chairman Julian Aleksov. In connection with the year-end report in June, Oasmia chose to report this matter to the Swedish Economic Crime Authority (EBM). EBM has reportedly initiated an investigation and a prosecutor has been appointed in the case.

• **Ongoing legal cases:** Oasmia has in previous communication referred to the so-called ownership dispute that originated in a promissory note loan that Nexttobe provided to Oasmia as early as 2015. The dispute has involved the parties Oasmia, Arwidsro and MGC. The dispute between Oasmia and Arwidsro was however settled in July 2019.

The dispute between Oasmia and MGC persists and has not reached a solution during the summer. In July and August, MGC sought to initiate various lawsuits against Oasmia, including a claim for damages and a petition for bankruptcy. As previously communicated, Oasmia disputes these claims as unfounded. MGC's bankruptcy petition has been withdrawn.

As stated in the year-end report, Oasmia has in the financial statements posted the balance of the said promissory note loan as debt of MSEK 80 in capital, plus interest, with maturity date August 24, 2019. In connection with the maturity date of the promissory note loan in August, Oasmia, with the help of its legal advisors, came to the conclusion to not in any part pay MGC in cash with respect to the promissory note loan booked at MSEK 80. Oasmia has, and will assert, counterclaims that exceed this amount. For further details, please refer to the press release published on August 27, 2019. Oasmia will defend the company's interests in these matters before the court when necessary and will seek to claim compensation for all damages caused to Oasmia. Pending further litigation, the entire debt of MSEK 80 plus interest remains in Oasmia's books.

The claims for damages, i.e. class actions, which have been prepared in the US court on the basis of Oasmia's ADR program are not considered to cause any loss risk for Oasmia and have not resulted in any reservation.

• **Review of intellectual property rights:** A review of intellectual property rights, carried out with the help of experts in patent law, shows that Oasmia owns the patent portfolio that forms the basis for the company's operations. However, it is unclear why national patent registers have never been updated with information on transfer of ownership to Oasmia from the earlier registered owner Ardenia Investment Ltd - a company controlled by Oasmia's former chairman Julian Aleksov. For the sake of clarity, it should be pointed out that no ownership of any intellectual property rights is disputed. The company's external advisers have begun work to contact the relevant patent authorities to update registers so that Oasmia stands as the owner of the patents.

• **Restructuring of AdvaVet:** In the year-end report, Oasmia explained its decision to restructure the subsidiary AdvaVet and postpone former plans of listing the subsidiary, with the purpose to regain full control over Oasmia's intellectual property rights for veterinary purposes. However, it has turned out that AdvaVet's agreements with its former management and Board, approved by AdvaVet's former Chairman of the Board, are legally complicated, very costly and have long maturities. It is also noted that these agreements were not coherent with the credit line given from Oasmia. Some of these liabilities have been sorted out after the reporting period. Overall, the subsidiary's cost structure has been suboptimal. Oasmia's present Board of Directors and management will continue to work on the restructuring of AdvaVet. During the past quarter, a new Board and management has been appointed in AdvaVet, which is now reviewing all value-creating alternatives for Oasmia in the field of veterinary oncology.



CEO'S COMMENTS

Substantial steps forward in preparing the Apealea launch

The restructuring of Oasmia in order to match the requirements of a fully integrated commercial Pharmaceutical company is nearing completion.

In just a few months, a new leadership team has been formed in Oasmia with the experience to implement the upcoming steps towards commercialization of Oasmia's key assets. We have now a well-balanced team with a CBO, a CMO, a CTO, a CFO and GMs for Europe and the USA, who have the experience and standing to make a difference in this exciting period going forward. Moreover, we have new suggested Board members with industry expertise and excellent international reputation.

Oasmia has a very exciting core technology that could really move the needle in the pharmaceutical industry. Our XR17 platform is the core and heart of Oasmia. It is a thrilling technology that addresses a significant need of the pharma industry.

The XR17 formulation is unique in many ways; it is vitamin A-based, organic, vegan and it does not contain alcohol which means it is even a solution for all patients regardless of religious beliefs. There are only very few drug formulations like that in the pharmaceutical industry.

The most recent, final market approval of Apealea by the European Medical Agency fully validated Oasmia's XR-17 drug delivery technology platform and allows the company to commercialize its first anti-cancer drug in the whole of Europe including its Swedish home market.

The dedicated Apealea launch team started its work on the launch plan during the last quarter. The Apealea market material is produced in time for the launch next year.

The newly established Business Advisory Board provided its first input into the roll-out plans and is supporting the launch activities within their networks.

We have scheduled our presence in several industry events in the next few months with the aim to position Apealea and XR-17 but also Oasmia as a company in a professional way.

In summary, the whole company is very excited to see the forthcoming European launch of Apealea. A lot of activities have been needed to reach this stage. A great team effort!



Sven Rohmann, interim CEO of Oasmia



BUSINESS ACTIVITIES

• **Organizational development and recruitment:** Oasmia is now facing the next step in the company's development - to commercialize the company's products. During and after the quarter, a number of recruitments were carried out on important positions in the company to get the leadership required in this upcoming phase.

On June 28, Sven Rohmann was appointed as new interim CEO of Oasmia. Sven 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. He previously served as CMO of Oasmia. In conjunction with Sven's appointment, former CEO Mikael Asp took over as CTO, with responsibility for all technology and manufacturing operations in the company.

On August 2, Nina Heldring, who was previously head of clinical development, was appointed as new CMO. Nina has 20 years of experience in pre-clinical and clinical medical research from well-known academic institutes and in the pharmaceutical industry.

After the end of the quarter, the management team was strengthened with two General Managers - Neil Yman for Europe & Russia and Reinhard Koenig for the US & Canada. Both have long experience from leading positions in global pharmaceutical companies. The company now has a well-balanced team of CEO, CBO, CMO, CTO and General Managers for Europe and the US, with the experience and background required to make a difference in the exciting commercialization period that the company is facing.

Ahead of the Annual General Meeting on September 26, the Nomination Committee also proposes Hege Hellström and Anders Härfstrand as new Board members, both with long experience of business development, commercialization and growth through leading positions in global biotechnology companies.

• **Strategic work with launch plan and business plan:** Oasmia has a market approval in the EU for the indication ovarian cancer for Apealea - the company's first product based on XR17. This product will be the company's main commercial focus in the short term. Oasmia's first priority is to sell Apealea in the Nordic and European markets. However, the largest cancer market is the United States and the company's goal is to aim for an application for Apealea to the FDA in 2020. Right now, work is underway to develop a launch plan for Apealea and a business plan for the entire company, based on a review of Oasmia's most important driving forces for value-building completed by the Board and the new management. This work, like other processes in the company, is supported and advised by the Scientific and Business Advisory Boards that were added during the quarter.

• **Market dialogue and presence:** During and after the first quarter, the new management team in Oasmia has met with a number of existing and potential partners both in and outside Europe to renew or create a dialogue. The management has already or intend to participate in a number of industry events during the autumn, for example BioPharm America in Boston, September 11-12, ESMO (European Society For Medical Oncology) in Barcelona, Spain, September 27-October 1, BIO-Europe in Hamburg, Germany November 11-13 and the Biotech Showcase in San Francisco, USA, January 13-15, 2020

• **Medical development and production:** In June, Oasmia presented the results of two clinical studies of the drug candidate Docecal for patients with metastatic breast cancer. The results of the bioequivalence study with paclitaxel micellar in humans were published in the scientific journal "Advances in Therapy" in August. Publications is part of the company's strategy to make clinical data available to professionals in the industry. Oasmia's next step for the drug candidate Docecal is a part of the business and development plan for the entire company that is now under development.



PROJECT PORTFOLIO

PROJECT PORTFOLIO HUMAN HEALTH

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ Approval	Geography	
Apealea / Paclical (paclitaxel)	Ovarian cancer	→					Submission	USA
	Ovarian cancer	→					✓	EU / EEA*
	Ovarian cancer	→					✓	Russia
	Ovarian cancer	→					✓	Kazakhstan
	Metastatic breast cancer	→						Global
Doxophos (doxorubicin)	All doxorubicin indications					✓	Russia	
Docecal (docetaxel)	Breast cancer	→					Global	
OAS-19 (combination)	Various cancers	On-going					Global	
KB9520 (new chemical entity)	Various cancers	On-going					Global	

Additional partners: Paclical partnered with Medison Pharma in Turkey & Israel
* EU, Norway, Iceland and Liechtenstein

PROJECT PORTFOLIO ANIMAL HEALTH

Product	Indication	Pre-clinical	Phase I	Phase II	Phase III	Registration/ Approval	Geography	
Paccal Vet (paclitaxel)	Mastocytoma	→		Planned			Global	
Paccal Vet (paclitaxel)	Mammary carcinoma	→				Conditional	Re-installation	Global
Paccal Vet (paclitaxel)	Squamous cell carcinoma	→					Global	
Doxophos Vet (doxorubicin)	Lymphoma	→				Conditional	Global	



FINANCIAL INFORMATION¹

Consolidated income statement in brief

TSEK	2019	2018	2018/19
	May-Jul	May-Jul	May-Apr
Net sales	182	128	1,980
Change in inventories of products in progress and finished goods	2,291	(230)	(5,148)
Capitalized development costs	1,085	2,449	8,431
Other operating income	70	57	755
Operating expenses	(39,537)	(28,976)	(156,837)
Operating income (loss)	(35,909)	(26,572)	(150,818)
Net income (loss) for the period	(39,928)	(31,102)	(201,881)
Earnings (loss) per share, before and after dilution in SEK	(0.17)	(0.18)	(1.04)
Comprehensive income (loss) for the period	(40,011)	(31,097)	(202,503)

FIRST QUARTER

May 1, 2019 – July 31, 2019

Net sales

Net sales amounted to TSEK 182 compared to TSEK 128 in the first quarter the previous year and consisted of sales of supplies of TSEK 72 compared to TSEK 54 in the first quarter the previous year and of royalties of TSEK 110 compared to TSEK 74 in the first quarter the previous year.

Change in inventories of products in progress and finished goods

The change in inventories of products in progress and finished goods amounted to TSEK 2,291 during the quarter compared to TSEK (230) in the corresponding quarter the previous year.

Capitalized development costs

Capitalized development costs, which refer to phase III clinical trials for the product candidates Paclical and Paccal Vet, amounted to TSEK 1,085 compared to TSEK 2,449 in the first quarter the previous year. The capitalized development costs during the quarter, as in the first quarter of the previous year, are attributable to Paclical in their entirety. The Paccal Vet studies did not have any activity during the quarter.

Other operating income

Other operating income amounted to TSEK 70 compared to TSEK 57 in the corresponding quarter the previous year.

Operating expenses

Operating expenses, including depreciation, amortization and impairments, were higher than for the corresponding quarter the previous year and amounted to TSEK 39,537 compared to TSEK 28,976 in the first quarter the previous year. The increase is primarily attributable to increased costs for consultants and lawyers as well as increased staff costs. This is partly due to a substantial reinforcement and increase in skills of the company's management and market organization and partly to the investigations that were going on during the quarter.

The number of employees at the end of the quarter was 55 compared to 57 at the end of the first quarter the previous year.

Operating income for the quarter

Operating income for the quarter was lower than during the corresponding quarter the previous year and amounted to a loss of TSEK 35,909 compared to a loss of TSEK 26,572. This is due to higher operating expenses this year.

¹ Figures within parentheses represent negative amounts.



Income (loss) before taxes

Income before taxes amounted to a loss of TSEK 39,928 compared to a loss of TSEK 31,102 in the corresponding quarter the previous year. The greater loss compared to the corresponding quarter the previous year is attributable to the lower operating income.

Income tax

During the first quarter of this year, like last year, no income tax was reported.

Net loss for the quarter

The net loss after tax was TSEK 39,928 compared to TSEK 31,102 in the first quarter the previous year. The greater loss compared to the corresponding quarter the previous year is attributable to the lower operating profit.

Oasmia'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 34,435 compared to TSEK 18,870 in the corresponding quarter the previous year. The lower cash flow from operating activities during the first quarter of this year compared with the corresponding quarter last year is primarily due to the higher costs and to the fact that accounts payable have been paid off to a significantly higher extent this year.

The cash outflow from investing activities was TSEK 46,743 compared to an outflow of TSEK 2,931 in the corresponding quarter the previous year. Capital expenditure during the quarter consisted of investments in intangible assets of TSEK 1,114 compared to TSEK 2,931 in the corresponding quarter the previous year, investments in property, plant and equipment of TSEK 5,378 compared to TSEK 0 in the corresponding quarter the previous year and investments in financial assets of TSEK 40,251 compared to TSEK 0 in the corresponding quarter the previous year. Investments in intangible assets consisted of capitalized development costs of TSEK 1,085 compared to TSEK 2,449 in the corresponding quarter the previous year and of patents of TSEK 29 compared to TSEK 482 in the corresponding quarter the previous year. Investments in property, plant and equipment consisted of capital expenditure for production equipment. Investments in financial assets consisted of an acquired claim on the company MGC Capital Ltd. within the framework of the settlement reached with Arwidsro Investment AB during the quarter, which is reported elsewhere in this report, see Note 5 and 6.

The cash inflow from financing activities amounted to TSEK 73,705 compared to TSEK 6,801 in the corresponding quarter the previous year. This was due to an inflow of TSEK 75,000 arising from a new issue of 24,193,548 shares in connection with Arwidsro's redemption of equal number of options at a price of SEK 3.10 per share. This new share issue was made as part of the settlement with Arwidsro Investment AB. In addition to this inflow, cash flow from financing activities also consisted of amortization of leasing liability amounting to TSEK (1,295) compared to TSEK 0 in the corresponding quarter the previous year. This leasing liability has arisen and is recognized in the balance sheet as a result of the introduction of the new accounting standard IFRS 16 on May 1, 2019, see also Note 1. Last year's cash flow from financing activities consisted partly of inflows from utilization of loan facilities from banks of TSEK 4,801 and from issuance of convertible loans of TSEK 17,000 and an outflow of TSEK (15,000) consisting of repayment of loans.

Net cash flow for the first quarter was TSEK (7,473), compared to TSEK (14,999) in the corresponding quarter the previous year.

Financing and financial position

Cash and cash equivalents

The Group's cash and cash equivalents at the end of the quarter amounted to TSEK 108,797, compared to TSEK 584 in the corresponding quarter the previous year.

Convertible debt instruments

In September 2018, 32 convertible debt instruments were issued at a price of SEK 1,100,000 each, in total TSEK 35,200. These convertible debt instruments carry interest of 8 percent and is repaid on September 7, 2019. During the 2018/2019 financial year, TSEK 24,200 of this loan was converted. The



remaining TSEK 11,000 plus interest has been repaid after the balance sheet date, at maturity in September 2019.

On October 31, 2018, 40 convertible debt instruments were issued at a price of SEK 2,000,000 each, in total TSEK 80,000. One of the subscribers did not pay for their subscription, corresponding to 14.5 convertible debt instruments, in total TSEK 29,000. Since these convertible loans were not paid in before April 30, 2019, they expired and subsequently were reversed in the books in Oasmia under the positions. This means that the remaining convertible loan amount to TSEK 51,000. These convertible debt instruments carry interest of 5 percent and mature 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 borrowing

On July 31, 2019, Oasmia had a debt to MGC Capital Ltd amounting to TSEK 80,000, which is reported in the balance sheet as other borrowing. This debt has become due on August 24, 2019 and, on submission of this interim report, is disputed and not repaid. The corresponding item was TSEK 119,419 on July 31, 2018 and consisted of a loan from Nexttobe AB of TSEK 102,419 and other loans amounting to a total of TSEK 17,000.

In July 2019, Oasmia acquired a claim on MGC of TSEK 60,251 from Arwidsro. This receivable was acquired for TSEK 40,251, see also Note 6. It is reported in the balance sheet as other current receivable at this value. This receivable was due on August 24, 2019 and, upon submission of this interim report, is disputed and not repaid. However, when the debt to MGC is settled, the nominal value of TSEK 60,251 is estimated to be offset, whereby an income of TSEK 20,000 is expected to arise. See also Notes 5 and 6.

Alceco International S.A.

On July 31, 2019, there was a credit facility of TSEK 40,000, compared to TSEK 40,000 at the end of the corresponding quarter the previous year, made available to Oasmia from one of the company's previous principal owners, Alceco International S.A. The interest rate on utilization was 5 percent. As of July 31, 2019, this loan facility was completely unutilized and was terminated by Alceco on March 18, 2019. The loan commitment matures on December 31, 2019. However, Alceco must be assumed to be insolvent and this credit facility is therefore assumed to be of no value. As Alceco is no longer a major shareholder and cannot, in any way, exert a direct or indirect controlling influence over Oasmia, Alceco is no longer a related party to Oasmia and is therefore not included in Note 5 Transactions with related parties in this report.

Arwidsro Investment AB

As of April 30, 2019, the company had an outstanding loan commitment of TSEK 75,000, compared to TSEK 75,000 at the end of the corresponding quarter the previous year, from Arwidsro Investment AB. At that time, Arwidsro held 24,193,548 warrants that entitled to subscribe for the same number of new shares at a subscription price of SEK 3.10 per share, totaling TSEK 75,000. These transactions were carried out in July 2019, by Arwidsro fulfilling its loan commitment and redeeming the outstanding warrants.

For Oasmia, this meant an increased equity of TSEK 75,000.

Bank loans

Oasmia has an unused credit facility with the bank for TSEK 5,000, compared to TSEK 5,000 at the end of the corresponding quarter the previous year.

Equity

At the end of the quarter, equity was TSEK 428,117, compared to TSEK 321,799 at the end of the corresponding quarter the previous year, the equity/assets ratio was 64 percent, compared to 60 percent at the end of the corresponding quarter the previous year, and the debt/equity ratio was 7 percent, compared to 52 percent at the end of the corresponding quarter the previous year.



Outstanding warrants and other instruments that can increase the number of shares in Oasmia
As per July 31, 2019 the following instruments were outstanding:

	Number of warrants and convertible loans	Total possible number of shares	Strike price
Warrants that can be converted into three shares	1,280,250	3,840,750	USD 4.06
Warrants that can be converted into one share, Board of directors and Management	5,543,182	5,543,182	SEK 6.37
Warrants that can be converted into one share, others	140,352	140,352	USD 1.69
Convertible loan, final maturity date September 7, 2019	10	1,428,570	SEK 7.70
Convertible loan, final maturity date October 30, 2019	25.5	3,517,236	SEK 14.50
Total possible number of shares		14,470,090	

Warrants that can be converted into three shares are warrants issued in 2015 with a final maturity date on October 28, 2025. One warrant gives the holder the right to subscribe for three shares in Oasmia at a strike price of USD 4.06.

Board of directors and management: warrants that can be converted into one share have expired after the balance sheet date without being exercised.

Others: Warrants that can be converted into one share, are warrants issued in 2015 with a final maturity date on October 28, 2020. One warrant gives the holder the right to subscribe for one share in Oasmia at a strike price of USD 1.69.

Convertible loan with final maturity date September 7, 2019 gives the holder a right to convert the loan into shares at a strike price of SEK 7.70 per share. This loan was repaid on maturity in September 2019 without further conversions taking place.

Convertible loan with final maturity date October 30, 2019 gives the holder a right to convert the loan into shares at a strike price of SEK 14.50 per share.

The warrants held by Arwidsro in the annual accounts 2018/2019 on April 30, 2019 were exercised during the quarter, see Financing above.

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 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 July 31, 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 quarter amounted to TSEK 182 compared to TSEK 128 for the corresponding quarter the previous year and the net loss before tax was TSEK (38,313) compared to TSEK (29,402) for the corresponding quarter the previous year. The Parent Company's cash and cash



equivalents at July 31, 2019 amounted to TSEK 108,536 compared to TSEK 179 at the end of the corresponding quarter the previous year.

Key ratios and other information

	2019	2018	2018/19
	May-Jul	May-Jul	May-Apr
Number of shares at the end of the period, before and after dilution, in thousands	249,094	179,310	224,901
Weighted average number of shares, before and after dilution, in thousands	231,738	176,974	193,368
Earnings (loss) per share, before and after dilution, SEK	(0.17)	(0.18)	(1.04)
Equity per share, SEK	1.72	1.79	1.75
Equity/assets ratio, %	64	60	64
Net debt, TSEK	32,002	167,861	23,296
Net debt/equity ratio, %	7	52	6
Return on total assets, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Number of employees at the end of the period	55	57	60

Definitions

Earnings per share: Income for the period attributable to Parent Company shareholders divided by the weighted average number of shares, before and after dilution, in the period.

Equity per share: Equity attributable to Parent Company shareholders as a ratio of the number of shares at the end of the period.

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

Net debt: Total borrowings (comprising the balance sheet items liabilities to credit institutions, convertible debt instruments and other borrowings) with deduction of cash, cash equivalents and short-term investments.

Net debt/equity ratio: Net debt as a ratio of equity.

Return on total assets: Income before interest expenses as a percentage of the average balance sheet total.

Return on equity: Income before taxes as a ratio of average equity.

The key ratios found above are generic key ratios 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:

	2019	2018	2018/19
	May-Jul	May-Jul	May-Apr
Equity per share			
Equity attributable to Parent Company shareholders at end of period, TSEK	428,117	321,812	393,178
Number of shares at end of period, thousands	249,094	179,310	224,901
Equity per share, SEK	1.72	1.79	1.75
Equity/assets ratio			
Equity at end of period, TSEK	428,117	321,799	393,178
Total assets at end of period, TSEK	669,300	538,768	614,719
Equity/assets ratio	64%	60%	64%
Net debt, TSEK			
Liabilities to credit institutions	-	4,801	-
Convertible debt instruments	60,798	44,225	59,568
Other borrowings	80,000	119,419	80,000
Total borrowings	140,798	168,445	139,568
Cash and cash equivalents	108,797	584	116,272
Total cash and cash equivalents	108,797	584	116,272
Net debt	32,002	167,861	23,296
Net debt/equity ratio			
Net debt, TSEK	32,002	167,861	23,296
Equity, TSEK	428,117	321,799	393,178
Net debt/equity ratio	7%	52%	6%



Consolidated income statement

TSEK	Note	2019 May-Jul	2018 May-Jul	2018/19 May-Apr
Net sales		182	128	1,980
Change in inventories of products in progress and finished goods		2,291	(230)	(5,148)
Capitalized development costs		1,085	2,449	8,431
Other operating income		70	57	755
Raw materials, consumables and goods for resale		(1,278)	(972)	(4,998)
Other external expenses		(20,410)	(14,363)	(68,183)
Employee benefit expenses		(14,616)	(12,365)	(52,068)
Depreciation, amortization and impairment		(3,233)	(1,276)	(31,587)
Operating income (loss)		(35,909)	(26,572)	(150,818)
Financial income		100	8	19
Financial expenses		(4,119)	(4,539)	(18,259)
Financial income and expenses - net		(4,019)	(4,530)	(18,240)
Income (loss) before taxes		(39,928)	(31,102)	(169,058)
Taxes	2	-	-	(32,822)
Income (loss) for the period		(39,928)	(31,102)	(201,881)
Income (loss) for the period attributable to:				
Parent Company shareholders		(39,928)	(31,094)	(201,886)
Non-controlling interests		-	(8)	6
Earnings (loss) per share, before and after dilution, SEK		(0.17)	(0.18)	(1.04)

Consolidated statement of comprehensive income

TSEK	Note	2019 May-Jul	2018 May-Jul	2018/19 May-Apr
Income (loss) for the period		(39,928)	(31,102)	(201,881)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to the income statement:				
Translation differences		(83)	5	(623)
Total other comprehensive income (loss)		(83)	5	(623)
Comprehensive income (loss) for the period		(40,011)	(31,097)	(202,503)
Comprehensive income (loss) attributable to:				
Parent Company shareholders		(40,011)	(31,089)	(202,509)
Non-controlling interests		0	(8)	6
Comprehensive earnings (loss) per share, before and after dilution, SEK		(0.17)	(0.18)	(1.05)



Consolidated statement of financial position

TSEK	Note	July 31, 2019	July 31, 2018	Apr 30, 2019
ASSETS				
Non-current assets				
Property, plant and equipment		37,875	14,710	14,701
Capitalized development costs	3	433,525	428,528	433,130
Other intangible assets		19,851	45,980	20,176
Financial non-current assets		2,002	2	2,002
Total non-current assets		493,254	489,220	470,009
Current assets				
Inventories	4	9,550	11,233	7,420
Accounts receivable		3,493	1,569	3,534
Other current receivables	6	44,601	17,543	3,011
Prepaid expenses and accrued income		9,605	18,619	14,472
Cash and cash equivalents		108,797	584	116,272
Total current assets		176,046	49,547	144,710
TOTAL ASSETS		669,300	538,768	614,719
EQUITY				
Capital and reserves attributable to Parent Company shareholders				
Share capital		24,909	17,931	22,490
Other capital provided		1,552,044	1,241,287	1,479,513
Reserves		(735)	(24)	(652)
Retained earnings including income (loss) for the period		(1,148,102)	(937,382)	(1,108,174)
Equity attributable to Parent Company shareholders		428,117	321,812	393,178
Equity attributable to non-controlling interests		0	(14)	0
Total equity		428,117	321,799	393,178
LIABILITIES				
Long-term liabilities				
Leasing debt		12,582	-	-
Deferred tax liability		32,822	-	32,822
Total long-term liabilities		45,404	0	32,822
Current liabilities				
Debts to credit institutions		-	4,801	-
Convertible debt instruments		60,798	44,225	59,568
Other short-term borrowings	6	80,000	119,419	80,000
Accounts payable		13,910	15,541	17,666
Other current liabilities		8,248	3,248	3,217
Accrued expenses and deferred income		32,823	29,736	28,268
Total current liabilities		195,779	216,970	188,719
Total liabilities		241,183	216,970	221,541
TOTAL EQUITY AND LIABILITIES		669,300	538,768	614,719

Any contingent liabilities and pledged assets are reported in note 6



Consolidated statement of changes in equity

TSEK	Attributable to Parent Company shareholders			Retained earnings incl. income (loss) for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
	Share capital	Other capital provided	Reserves				
Opening balance as of May 1, 2018	17,641	1,232,290	(29)	(904,860)	345,042	(6)	345,036
Adjustment due to changed accounting principles	-	-	-	(1,427)	(1,427)	-	(1,427)
Adjusted opening balance as of May 1, 2018	17,641	1,232,290	(29)	(906,288)	343,616	(6)	343,609
Income (loss) for the period	-	-	-	(31,094)	(31,094)	(8)	(31,102)
Other comprehensive income (loss)	-	-	5	-	5	-	5
Comprehensive income (loss) for the period	0	0	5	(31,094)	(31,089)	(8)	(31,097)
Reversal of costs of converting convertible loan	-	290	-	-	290	-	290
New share issues	290	8,710	-	-	9,000	-	9,000
Issue expenses	-	(3)	-	-	(3)	-	(3)
Closing balance as of July 31, 2018	17,931	1,241,287	(24)	(937,382)	321,812	(14)	321,799
Opening balance as of May 1, 2018	17,641	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	1,232,290	(29)	(906,288)	343,616	(6)	343,609
Income (loss) for the period	-	-	-	(201,886)	(201,886)	6	(201,881)
Other comprehensive income (loss)	-	-	(623)	-	(623)	0	(623)
Comprehensive income (loss) for the period	0	0	(623)	(201,886)	(202,509)	6	(202,503)
Equity component in issue of convertible debt instruments	-	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	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	1,479,513	(652)	(1,108,174)	393,178	0	393,178
Opening balance as of May 1, 2019	22,490	1,479,513	(652)	(1,108,174)	393,178	0	393,178
Income (loss) for the period	-	-	-	(39,928)	(39,928)	0	(39,928)
Other comprehensive income	-	-	(83)	-	(83)	0	(83)
Comprehensive income (loss) for the period	0	0	(83)	(39,928)	(40,011)	0	(40,011)
New share issues	2,419	72,581	-	-	75,000	-	75,000
Issue expenses	-	(50)	-	-	(50)	-	(50)
Closing balance as of July 31, 2019	24,909	1,552,044	(735)	(1,148,102)	428,117	0	428,117



Consolidated cash flow statement

TSEK	2019 May-Jul	2018 May-Jul	2018/19 May-Apr
Operating activities			
Operating income (loss) before financial items	(35,909)	(26,572)	(150,818)
Adjustments for non-cash items	3,154	1,276	38,673
Interest received	0	8	31
Interest paid	(192)	(421)	(3,068)
Cash flow from operating activities before working capital changes	(32,947)	(25,709)	(115,182)
Change in working capital			
Change in inventories	(2,130)	(1,487)	(4,099)
Change in accounts receivable	41	9	112
Change in other current receivables	2,531	578	(7,935)
Change in accounts payable	(3,917)	6,228	8,226
Change in other current liabilities	1,987	1,511	39
Cash flow from operating activities	(34,435)	(18,870)	(118,839)
Investing activities			
Investments in intangible assets	(1,114)	(2,931)	(9,536)
Investments in property, plant and equipment	(5,378)	-	(2,495)
Investments in financial assets	(40,251)	-	(2,000)
Cash flow from investing activities	(46,743)	(2,931)	(14,031)
Financing activities			
Increase in liabilities to credit institutions	-	4,801	4,801
Repayment of liabilities to credit institutions	-	-	(4,801)
Repayments of loans	-	(15,000)	(37,552)
Amortization of leasing debt	(1,295)	-	-
Convertible debt instruments	-	17,000	119,200
New share issues	75,000	-	165,018
Issue expenses	-	-	(13,166)
Cash flow from financing activities	73,705	6,801	233,500
Cash flow for the period	(7,473)	(14,999)	100,630
Exchange rate differences in cash and cash equivalents	(2)	3	62
Cash and cash equivalents at beginning of the period	116,272	15,580	15,580
Cash and cash equivalents at end of the period	108,797	584	116,272



Parent Company income statement

TSEK	Note	2019 May-Jul	2018 May-Jul	2018/19 May-Apr
Net sales		182	128	1,980
Change in inventories of products in progress and finished goods		2,291	(230)	(5,148)
Capitalized development costs		1,085	2,449	8,431
Other operating income		70	57	666
Raw materials and consumables		(1,278)	(972)	(4,998)
Other external expenses		(21,410)	(12,688)	(61,642)
Employee benefit expenses		(13,553)	(12,339)	(47,429)
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		(1,872)	(1,276)	(31,587)
Operating income (loss)		(34,484)	(24,871)	(139,727)
Result from participations in Group companies		-	-	(163)
Other interest income and similar income		100	8	162
Interest expenses and similar expenses		(3,929)	(4,539)	(18,259)
Financial items, net		(3,829)	(4,531)	(18,260)
Income (loss) before taxes		(38,313)	(29,402)	(157,988)
Income taxes	2	-	-	-
Income (loss) for the period		(38,313)	(29,402)	(157,988)



Parent Company balance sheet

TSEK	Note	July 31, 2019	July 31, 2018	Apr 30, 2019
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalized development costs	3	324,118	319,120	323,722
Concessions, patents, licenses, trademarks and similar rights		19,851	45,980	20,176
Property, plant and equipment				
Equipment, tools, fixtures and fittings		12,725	14,565	13,501
Construction in progress and advance payments for property, plant and equipment		6,527	146	1,201
Financial non-current assets				
Participations in Group companies		109,663	109,763	109,663
Other securities held as non-current assets		2,001	1	2,001
Total non-current assets		474,885	489,575	470,264
Current assets				
Inventories etc				
Raw materials and consumables	4	5,754	4,810	5,915
Products in progress		3,796	6,423	1,505
		9,550	11,233	7,420
Current receivables				
Accounts receivable		3,493	1,568	3,534
Receivables from Group companies		7,416	1,476	7,142
Other current receivables	6	44,601	17,540	3,010
Prepaid expenses and accrued income		10,550	18,612	14,325
		66,060	39,197	28,011
Cash and bank balances		108,536	179	115,112
Total current assets		184,046	50,609	150,543
TOTAL ASSETS		659,031	540,184	620,807
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		24,909	17,931	22,490
Statutory reserve		4,620	4,620	4,620
Reserve for development costs		25,234	19,388	24,199
		54,763	41,939	51,309
Non-restricted equity				
Share premium reserve		1,552,357	1,241,600	1,479,826
Retained earnings		(1,095,280)	(931,447)	(936,258)
Net income (loss) for the period		(38,313)	(29,402)	(157,988)
		418,764	280,751	385,580
Total equity		473,527	322,690	436,890
Current liabilities				
Debt to credit institutions		-	4,801	-
Convertible debt instruments		60,798	44,225	59,568
Other short-term borrowings	6	80,000	119,419	80,000
Accounts payable		10,977	15,409	14,748
Liabilities to Group companies		2,784	2,784	2,784
Other current liabilities		1,691	1,765	1,735
Accrued expenses and deferred income		29,254	29,090	25,082
Total current liabilities		185,504	217,494	183,917
TOTAL EQUITY AND LIABILITIES		659,031	540,184	620,807

Any contingent liabilities and pledged assets are reported in note 6



Parent Company changes in equity

TSEK	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve	Retained earnings	
Opening balance as of May 1, 2018	17,641	4,620	16,940	1,232,603	(927,571)	344,232
Adjustment due to changed accounting principles	-	-	-	-	(1,427)	(1,427)
Adjusted opening balance as of May 1, 2018	17,641	4,620	16,940	1,232,603	(928,998)	342,806
Adjustment of non-restricted and restricted equity	-	-	2,448	-	(2,448)	0
Return of costs of converting convertible loan	-	-	-	290	-	290
New share issue	290	-	-	8,710	-	9,000
Issue expenses	-	-	-	(3)	-	(3)
Income (loss) for the period	-	-	-	-	(29,402)	(29,402)
Closing balance as of July 31, 2018	17,931	4,620	19,388	1,241,600	(960,849)	322,691
Opening balance as of May 1, 2018	17,641	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	4,620	16,940	1,232,603	(928,998)	342,806
Equity component in issue of convertible debt instruments	-	-	-	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	3,101	-	-	186,917	-	190,018
Redemption of convertibles	1,748	-	-	76,452	-	78,200
Issue expenses	-	-	-	(10,454)	-	(10,454)
Income (loss) for the period	-	-	-	-	(157,988)	(157,988)
Closing balance as of April 30, 2019	22,490	4,620	24,199	1,479,827	(1,094,245)	436,890
Opening balance as of May 1, 2019	22,490	4,620	24,199	1,479,827	(1,094,245)	436,890
Income (loss) for the period	-	-	-	-	(38,313)	(38,313)
Other comprehensive income (loss)	-	-	-	-	-	0
Comprehensive income (loss) for the period	0	0	0	0	(38,313)	(38,313)
Adjustment of non-restricted and restricted equity	-	-	1,035	-	(1,035)	0
New share issue	2,419	-	-	72,581	-	75,000
Issue expenses	-	-	-	(50)	-	(50)
Outgoing balance as of July 31, 2019	24,909	4,620	25,234	1,552,357	(1,133,593)	473,527



Note 1 Accounting policies etc

This report is presented in accordance with IAS 34, Interim Financial Reporting and the Swedish Securities Market Act. The consolidated accounts are presented in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations by the International Financial Reporting Interpretations Committee (IFRIC), RFR 1, Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The accounting policies and calculation methods for the Group are unchanged compared to those described in the Annual Report for the financial year May 1, 2018 – April 30, 2019, apart from the fact that the company has applied IFRS 16 since May 1, 2019. An account of this is given below.

The Parent Company accounts are presented in accordance with RFR 2, Accounting for legal entities, and the Swedish Annual Accounts Act.

Apart from IFRS 16, new or revised IFRS standards or interpretations by IFRIC that have become effective since May 1, 2019 have not had any effect on Oasmia's financial reports. Similar to what was the case at the end of the previous financial year, financial instruments' carrying amounts are the same as fair values with the exception of the convertible debt instruments. The fair values of the convertibles amount to TSEK 64,005, while their carrying amount including accrued interest is TSEK 63,499.

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

IFRS 16 Leases:

Since May 1, 2019, Oasmia has applied IFRS 16 Leases that replaced the previous leasing standard IAS 17. IFRS 16 came into force on January 1, 2019, which means that it will be applied by the Group from the 2019/2020 financial year. In accordance with RFR 2, the Parent Company has chosen not to apply IFRS 16 Leasing agreements to legal entities.

IFRS 16 provides that the lessee at the beginning of a lease agreement must report the right to use the leased assets in the statement of financial position and at the same time a leasing liability must be reported. Exceptions are made for leasing agreements that amount to low values and leasing agreements with a shorter term than 12 months.

Leased assets (rights of use) are initially recognized at cost, which includes the present value of future leasing fees, direct costs attributable to the signing of the lease, and leasing fees made on or before the commencement date when the underlying asset became available for use. The utility rights may be revalued during the term depending on whether the lease debt is revalued. Use rights are amortized on a straight-line basis over the shorter of the asset's useful life and the duration of the lease. Leased assets are subject to impairment testing.

Leasing liabilities are initially valued at the present value of future leasing fees. Each lease payment is reported distributed partly as amortization of the lease liability and partly as interest expense in the income statement. The lease debt may be revalued during the term depending on whether certain circumstances, such as new lease terms, occur.

The application of IFRS 16 requires certain estimates and judgments. The estimates and assumptions that present a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial year are listed below.

- When determining the leasing period, available information is taken into account that provides an incentive to either exercise an extension option, or to not exercise an option to terminate an agreement. The possibility of extending the agreements has only been included in cases where it is considered reasonable to extend the agreements. This assessment is reviewed if any event or change occurs that affects this assessment.
- In order to calculate the present value of future lease payments, assumptions are required to determine the discount rate. This is based on Oasmia's estimate of the borrowing rate that Oasmia would have received from financial institutions for similar maturities.

Transition to IFRS 16:

Oasmia has chosen to apply the simplified transition method in the implementation of IFRS 16, which means that Oasmia reports the accumulated effect of initially applying the standard by adjusting the opening balance on the first day of application.

The implementation of IFRS 16 affects the accounting of Oasmia's leases for premises and the accounting of leased equipment. These agreements were classified in accordance with IAS 17 as operational leasing and payments during the leasing period were reported as other external expenses in the income statement on a straight-line basis over the leasing period. After the implementation, the leasing contracts are reported as utilization assets and leasing liabilities, respectively, in the statement of financial position. Utility rights are amortized over the useful life and lease payments are reported as amortization and interest expenses. The starting effect as of 1 May 2019 in the report on financial position is that rights of use of about MSEK 20 and lease liabilities of about MSEK 19 have been added and a reduction of prepaid costs by approximately MSEK 1. When calculating the remaining lease period, periods that are covered by the possibility of extending the lease agreement are included in the event that Oasmia is reasonably confident of utilizing that opportunity. Oasmia has chosen to use the practical solution to use the same discount rate on all local rental agreements as they have similar properties. This discount rate is based on an estimate of the borrowing rate that Oasmia would have received from financial institutions for corresponding maturities. Furthermore, Oasmia has chosen to use the practical solution not to include leasing contracts for which the lease period ends within 12 months from the first application date. For Oasmia's Q1, the effect on earnings TSEK (48) compared with accounting in accordance with previous rules.

Further information about the transition including the bridge that shows the transition effect in the Group's financial position report and a table describing differences between operating leasing commitments as of April 30, 2019 and leasing debt as of May 1, 2019 is described in Note 2 Accounting principles and in Note 10 Leasing in Oasmia's Annual Report for May 1, 2018 - April 30, 2019.



Note 2 Taxes

The Group has accumulated losses carried forward, related to previous years and this quarter, amounting to TSEK 1,222,797 compared to TSEK 1,040,016 at the end of the first quarter the previous year and the Parent Company has TSEK 1,198,903 compared to TSEK 1,027,332 at the end of the first quarter the previous year. There are currently no sufficiently convincing reasons to assume that tax losses carried forward can be utilized against future profits and therefore no deferred tax asset has been considered in the balance sheet.

During the last financial year, the right of use to intangible veterinary assets was transferred from the parent company to the US subsidiary AdvaVet. Oasmia is currently conducting an investigation regarding the tax consequences for the Parent Company of the transaction between the Parent Company and the American subsidiary AdvaVet Inc. Depending on the outcome of this investigations, the Parent Company's loss carry forward may be reduced.

Note 3 Capitalized development costs

Oasmia capitalizes development costs consisting of the company's investments in clinical phase III trials for the product candidates Paclical and Paccal Vet. The accumulated assets per product candidate are disclosed below.

TSEK	July 31, 2019	July 31, 2018	Apr 30, 2019
Paclical	324,118	319,120	323,722
Paccal Vet	109,408	109,408	109,408
Total	433,525	428,528	433,130

During the last financial year the company began to amortize that part of the capitalized development costs for Paclical that are attributable to the Russian market. Amortization for the quarter amounted to TSEK 690 compared to TSEK 0 for the corresponding quarter the previous year.

Note 4 Inventories

TSEK	July 31, 2019	July 31, 2018	Apr 30, 2019
Valued at cost of acquisition			
Raw materials and consumables	5,754	4,810	5,915
Products in progress	3,796	6,423	1,505
Total	9,550	11,233	7,420

Goods have been expensed or written down as follows:

TSEK	2019 May-Jul	2018 May-Jul	2018/19 May-Apr
Goods expensed	-	-	-
Goods written down	-	-	11,953

Note 5 Transactions with related parties

The Parent Company has undertaken to, under certain circumstances, if necessary, finance the American subsidiary AdvaVet with financial loans of up to TUSD 1,500. On July 31, 2019, the Parent Company's claim on AdvaVet, including accrued interest, amounted to TUSD 782.

The arbitration procedure and outstanding balances with Arwidsro, Oasmia's principal owner, have been detailed in Oasmia's Annual Report 2018/2019. During the first quarter of the current year, a settlement was reached between Arwidsro and Oasmia, which means that all transactions between Arwidsro and Oasmia are finally settled and that the arbitration procedure has been concluded. The settlement agreement has been reported in a press release dated July 5, 2019. After the end of the reporting period, Oasmia has regained the advance paid to the Arbitration Board after a deduction for the registration cost.

Due to the situation the company is in, several functions, which are generally held by hired staff, such as the CEO, IR and CFO, are held by appointed persons on a consultancy basis. During the quarter, costs of a total of TSEK 2,229 were booked in the form of consultancy fees to persons on the Board and/or management.

No other material transactions with related parties occurred during the quarter beyond remuneration provided to members of the Board and employees.

Note 6 Contingent liabilities, pledged assets and contingent assets

The Parent Company has issued a floating charge of TSEK 8,000 to a bank as security for an overdraft facility of TSEK 5,000, and as the limit for a foreign currency derivative of TSEK 3,000.

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 stemming from employment at Oasmia that might later affect the employee.

Balance with MGC Capital LTD (MGC)

MGC has made claims for compensation as a result of MGC not being allowed to subscribe for shares with the support of 23.2 million warrants. The claim for this reason is stated in a claim for damages of approximately MSEK 230 and is based on the assumption that MGC was entitled to the warrants and that MGC should have sold all shares during November 2018. MGC has applied for a subpoena partly for the claim of MSEK 80 and for damages as above, which have been adjusted to approximately MSEK 230. Oasmia's Board assesses MGC's claim for damages to be without merits and has therefore disputed it. For more information, also read page 3.

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

Restructuring of AdvaVet

Given the complex structure of AdvaVet, there can be expenditures incurred in the restructuring of AdvaVet, for more information see page 3.

Note 7 Risk factors

The Group is subjected to a number of different risks through its business. By creating awareness of the risks involved in the business these risks can be limited, controlled and managed at the same time as business opportunities can be utilized to increase earnings. The risks in Oasmia's operations are reported in the annual report for the financial year 1 May 2018 - 30 April 2019. Apart from these, no risks were added during the quarter.

Note 8 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 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 July 31, 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.



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

September 26, 2019

Uppsala

Jörgen Olsson, Chairman of the Board

Sven Rohmann, Interim CEO and Member of
the Board

Peter Zonabend, Member of the Board

Gunilla Öhman, Member of the Board

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

<p>This information is information that Oasmia Pharmaceutical AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07:30 CET on September 26, 2019.</p>
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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.

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

COMPANY INFORMATION

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Domicile: Stockholm

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FUTURE REPORT DATES

Interim report May 2019 – October 2019	December 20, 2019
Interim report May 2019 – January 2020	March 27, 2020
Year-end report May 2019 – April 2020	June 18, 2020



OASMIA IN BRIEF

Oasmia Pharmaceutical AB develops, manufactures, markets and sells a new generation of drugs within human and veterinary oncology. Product development aims to produce novel formulations based on well-established cytostatics which, in comparison with current alternatives, display improved properties, 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.

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

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 in, amongst other things, 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 financial statements for the year 2018/2019, these patents were 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.