Oasmia Pharmaceutical AB (publ)

Interim report for the period January 1, 2021 – June 30, 2021

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- In April, Oasmia appointed Dr Reinhard Koenig as Chief Scientific Officer.
- In April, Oasmia presented Cantrixil final Phase I data at the 2021 AACR Annual Meeting.
- In April, a Phase 1b trial of Oasmia's Docetaxel Micellar in advanced prostate cancer was granted ethical committee approval by Swissmedic.
- In May, Andrea Buscaglia was appointed as a new Board member by the Annual General Meeting.
- In June, following the ethical approval in April, the first Patient was enrolled in the Swiss Group for Clinical Cancer Research (SAKK) Investigator-Initiated Phase 1b trial of Docetaxel Micellar in advanced prostate cancer.
- In June, in addition to commercialization rights previously transferred for the rest of Europe, Oasmia also transferred the Nordic commercialization rights for Apealea® to Inceptua Group.
- In June, Cantrixil positive Phase I trial data were published in the open access oncology journal Cancers.

SECOND QUARTER: APRIL 1, 2021 – JUNE 30, 2021

- Consolidated net sales amounted to TSEK 4,596 (254)
- Operating profit/loss was TSEK -56,165 (-78,296)
- Net profit/loss after tax amounted to TSEK -57,677 (-80,090)
- Earnings per share was SEK –0.12 (-0.18)

THE PERIOD: JANUARY 1, 2021 – JUNE 30, 2021

- Consolidated net sales amounted to TSEK 4,633 (201,474)
- Operating profit/loss was TSEK –97,007 (50,311)
- Net profit/loss after tax amounted to TSEK –98,889 (44,615)
- Earnings per share was SEK –0.22 (0.10)

Oasmia Pharmaceutical AB is a specialty pharmaceutical company focused on the development of new therapeutic options for patients suffering from hard-to-treat cancers. It has a growing pipeline of clinical-stage assets targeting late-stage cancers. Oasmia's most advanced program is Apealea® (paclitaxel micellar), which is being made available to ovarian cancer patients through a partnership with Elevar Therapeutics, Inc. Other development programs include Cantrixil, in clinical development for late-stage ovarian cancer, and docetaxel micellar, in development for advanced prostate cancer. Oasmia's proprietary drug delivery platform XR-17™ is designed to improve drug solubility, efficacy and safety. Oasmia's shares are traded on Nasdaq Stockholm (OASM). To find out more about Oasmia please visit www.oasmia.com.

CEO REVIEW

Oasmia continued to make progress during the second quarter. In particular, we made strides in progressing our development candidates, announcing a number of important milestones in key programs. All our development candidates target hard-to-treat or late-stage cancers where patients usually have limited treatment options and very poor prognoses.

Final data from a Phase I trial of Cantrixil, the ovarian cancer program we in-licensed from Kazia Therapeutics earlier in the year, was presented in an oral presentation at the prestigious American Association of Cancer Research (AACR) Annual Meeting in April. We also announced publication of this data in the peer-reviewed journal *Cancers* and it generated substantial interest among oncologists. What is highly interesting from a scientific perspective is the fact that Cantrixil may induce death in ovarian cancer stem cells and sensitize cancer cells to standard chemotherapy, prolonging survival in advanced ovarian cancer patients. There is a lot of work going on to prepare for the initiation of the Phase II trial in the second half of next year. Activities include establishing a clinical advisory board and initiating interactions with the FDA/EMA and of course securing drug supply and validating our Phase 2 trial design.

Also in Q2, the first patient was dosed in an open label, multicenter, single stage Phase 1b clinical trial of Docetaxel micellar in advanced prostate cancer. Docetaxel micellar is a solvent-free formulation of docetaxel, developed to avoid the need for the solubility enhancers in solvent-based docetaxel and mandatory high-dose steroid premedication, while still providing an effective treatment option. The trial is being conducted at major hospitals in Switzerland by the non-profit organization Swiss Group for Clinical Cancer Research (SAKK) which has been conducting clinical trials in oncology since 1965. Prostate cancer is a significant and increasingly prevalent health problem worldwide and is the leading cause of male cancer deaths so there remains a critical need for new therapeutics.

We made great progress in the second quarter on simplifying and focusing our activities. We entered into an agreement to transfer the rights for the commercialization of Apealea® (paclitaxel micellar) in the Nordics and Baltics to Inceptua Group. Inceptua already has exclusive rights for the commercialization of Apealea® in the rest of Europe, following an agreement signed with Oasmia's global strategic partner, Elevar Therapeutics, Inc. in 2020. Apealea® is our most advanced product and is approved by the European regulatory authorities for use in combination with carboplatin for the treatment of adult patients with first relapse of platinum-sensitive epithelial ovarian cancer, primary peritoneal cancer and fallopian tube cancer. Inceptua is in the process of transferring all licenses and marketing approvals for Apealea in major European markets including Germany and the UK which will delay the full commercialization process across Europe and receipt of royalties. Elevar and Oasmia are confident Inceptua has the network, expertise and commitment to maximize the commercial value of Apealea in Europe. In the US, Elevar is reporting progress in the preparation of the PK study and the Phase 3 clinical trial for Apealea®.

Our main objective is to build our oncology pipeline through mergers, acquisitions, or in-licensing. I'm pleased to report we're evaluating a number of opportunities and we look forward to updating you on any progress.

In addition to building a strong clinical product pipeline in cancer, we are committed to enhancing our proprietary drug delivery technology platform, XR-17™, which has already been applied in the creation of Apealea® and Docetaxel micellar and has potential in many therapeutic areas. We provided an update on R&D progress during the quarter. XR-18 is in an evaluation process as an

enhancement to the XR-17 platform, while XR-19 may feature additional functionalities, specifically encapsulation of multiple APIs to enable combination therapy.

I am a firm believer that a quality team is critical to success. I'm pleased to report that we continued to build the capabilities of the Board and Management in Q2. Dr. Reinhard Koenig has accepted a position as Chief Scientific Officer as of April, bringing expertise in successful product development and commercialization in a number of fields, including oncology. Andrea Buscaglia was elected as new member of the Board of Directors at the Annual General Meeting on 27 May 2021. He brings over 30 years of financial experience in the biopharmaceutical, MedTech, investment banking and accounting sectors.

Working responsibly and ethically is central to the way we do business here at Oasmia and will become more important as we grow. Based on external expertise, we conducted an in-depth internal materiality assessment during Q2 on ESG (environment, social and governance) considerations relevant to us and over the course of the next few months we will decide which kind of key performance indicators and targets in this area we will continue working on and report progress implementing these by year end. Another key aspect of our ethical activities is the fact that we have appointed an external Data Protection Officer (DPO) to fully comply with GDPR regulations.

To increase our visibility and expand our sphere of influence with key stakeholders ever further, and also gain expertise, Oasmia has recently joined the European Federation of Pharmaceutical Industries and Associations (EFPIA). EFPIA is dedicated to working with members to ensure faster and more equitable access to medicines across Europe and create the policy environment in which the European industry can be a world leader in medical innovation.

After a lot of necessary changes since I joined last March I am confident that Oasmia is now well positioned with the vision of becoming one of the leading cancer biopharma company with an innovative oncology pipeline focused on late-stage, hard-to-treat cancers.

I'd like to close by thanking all of my colleagues and board members for their continued dedication and great work and to you, our shareholders, for your support.

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

STRATEGY FOR GROWTH

Oasmia is a research and development biotechnology company currently focus on oncology. The company uses its proprietary technology platforms to improve the intravenous delivery of established and novel drugs in a range of diseases, tackling the issue of poor solubility that prevents many drugs from reaching patients.

Oasmia is aiming to become a leading European specialty pharma company with sustainable and profitable growth. This transformation will primarily be through in-house R&D, M&A, and in-licensing of clinical assets. In the spring of 2021 Oasmia acquired the global rights for Cantrixil, a clinical stage cancer program, as its first step in the "string of pearls" strategy set to bolster the company's oncology portfolio in order to reach a critical mass as an oncology biotech company.

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

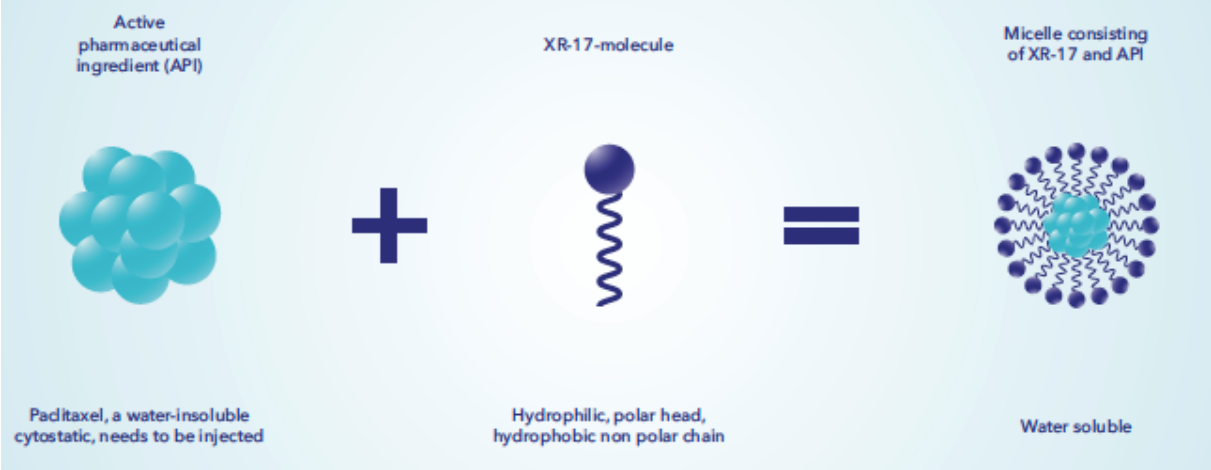
POTENTIAL VALUE DRIVERS

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

- Elevar Therapeutics, Inc. partnering for Apealea in key territories and milestone payments and royalties
- XR-18 platform development and XR-19 lab proof of concept
- SAKK Docetaxel micellar Phase Ib study
- Partner or out-license XR-17 and Animal Health assets
- M&A and in-licensing opportunities to build critical mass in oncology
- Phase II study with Cantrixil

TECHNOLOGY PLATFORMS

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



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

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

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

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

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

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

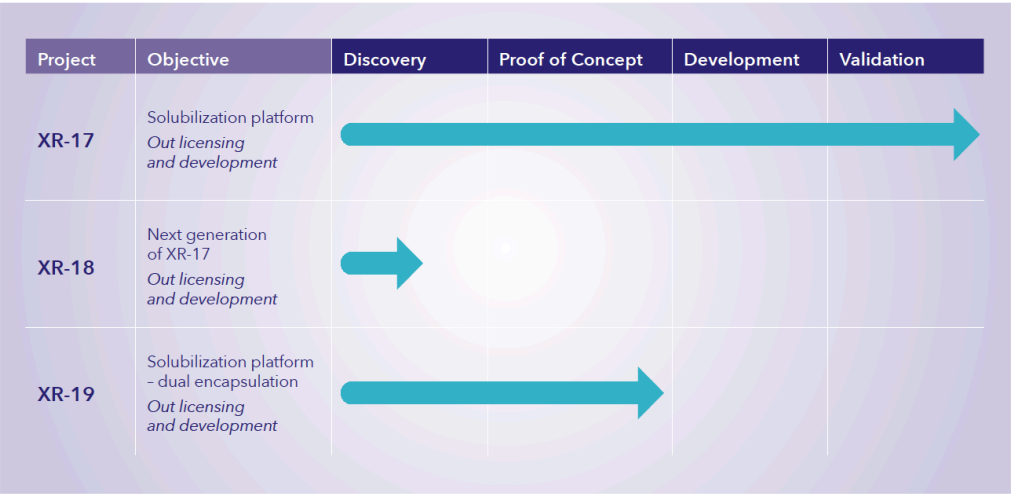
Intellectual Property
Oasmia's technology platform is covered by patents and know-how and the company pursues the expansion of Intellectual Property on an ongoing basis in many jurisdictions throughout the world.

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

XR-19 – Encapsulation of multiple APIs
XR-19 is an enhancement of existing XR-17 features with new functionalities, specifically the encapsulation of multiple APIs in one micellar envelope. Proof-of-concept studies have shown novel capabilities of the XR-17 platform, demonstrating its potential for dual encapsulation of APIs. Subsequent research demonstrated the molecular makeup of the encapsulation, providing the basis for future development. Oasmia will move forward and explore applications in cancer and other indications.

XR-18 – Enhancement of the XR-17 platform
XR-18 is a research and development effort based on the XR-17 technology platform intended to provide enhanced properties that improve clinical formulations and applications of active pharmaceutical ingredients (APIs) for cancer treatment. This effort has recently generated promising data including:

- Addition of components to existing XR-17 formulation improving certain properties.
- Synthesis of novel excipients exhibiting XR-17-like properties with enhanced stability characteristics. These modifications will be evaluated for feasibility in various drug formulations.



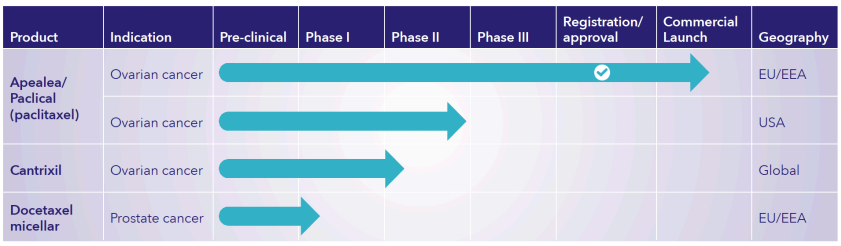
PRODUCTS & PROJECT PORTFOLIO

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

Apealea
Apealea is a patented solvent-free formulation: it applies paclitaxel – a cornerstone within chemotherapy for many different forms of cancer – through Oasmia's XR-17 technology platform. Apealea, in combination with carboplatin, has been granted market approval in the EU and several other territories as a treatment for adult patients suffering from the first relapse of platinum-sensitive epithelial ovarian cancer, or primary peritoneal cancer or fallopian tube cancer. Apealea has also received orphan drug designation from the FDA for the treatment of epithelial ovarian cancer, which could entail several potential benefits, including seven years of market exclusivity. Apealea is being made available to ovarian cancer patients through a partnership with Elevar Therapeutics. Inceptua Group has exclusive rights for the commercialization of Apealea in Europe, including the Nordics and Baltics.

Cantrixil
Cantrixil is a product candidate in clinical stage being developed for the treatment of ovarian cancer. Cantrixil consists of the active molecule, a potent and selective third generation benzopyran SMETI inhibitor named TRXE-002-01, encapsulated in a cyclodextrin. It is believed to target a wide spectrum of cancer cells, including chemotherapy-resistant tumor-initiating cells that are thought to be responsible for disease relapse. In December 2020, top-line results of a Phase I open-label study (NCT02903771), conducted at sites in the USA and Australia, was released. The Phase I study met its primary endpoints, establishing clinical proof of concept, subject to further clinical evaluation and confirmation. The results from the Phase I study have been published in Cancers, a peer-reviewed, open access journal of oncology. A Phase II study with Cantrixil is expected to be initiated in the second half of 2022. Oasmia acquired the global development and commercialization rights for Cantrixil from Kazia Therapeutics in March 2021. Since acquiring these rights, Oasmia has been working to put in place the functions required to continue the development of this asset. Management is in the process of setting up an advisory board to provide input on the clinical development plan and has commenced regulatory interactions with the EMA and FDA. Oasmia has also begun negotiations to secure drug supply for forthcoming clinical trials.

Docetaxel micellar
Docetaxel micellar is a product candidate in early clinical development and is a novel formulation that combines XR-17 with docetaxel – a well-established cytotoxin, currently administered intravenously and containing ethanol. In June 2020, Oasmia partnered with the Swiss Group for Clinical Cancer Research (SAKK) with the aim of conducting the first clinical study on the treatment of metastasized prostate cancer with Oasmia's Docetaxel micellar formulation. In June 2021 the first patient was dosed in an investigator-initiated Phase 1b clinical trial in patients with advanced prostate cancer. It is an open-label, multicenter, single-stage study conducted by SAKK at major hospitals in Switzerland, recruiting 18 chemotherapy-naïve patients with metastatic castration resistant prostate cancer (mCRPC) with adequate bone marrow, liver and renal function. The primary objective of this trial is to determine the maximum tolerated dose of Docetaxel micellar in patients with mCRPC and the secondary objectives are to evaluate safety, assess the preliminary anti-tumor activity, and to characterize the pharmacokinetics in this population.



PROJECT PORTFOLIO – VETERINARY MEDICINE

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

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

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

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

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

FINANCIAL INFORMATION

As the Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, the comparative figures in this Interim Report cover the corresponding periods last year, i.e. for the quarter April 1 to June 30, 2020 and the periods January 1 to June 30, 2020 and January 1 to December 31, 2020, respectively.

Condensed consolidated income statement

TSEK	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Net sales	4,596	254	4,633	201,474	201,760
Operating profit/loss	-56,165	-78,296	-97,007	50,311	-44,323
Profit/loss for the period	-57,677	-80,090	-98,886	44,615	-57,541
Earnings per share before and after dilution, SEK	-0.12	-0.18	-0.22	0.10	-0.13

SECOND QUARTER

April 1 – June 30, 2021

Net sales

Net sales amounted to TSEK 4,596 (254) and comprised sales of goods for TSEK 4,559 (217) and licensing revenues of TSEK 37 (201,137).

Other operating income

Other operating income amounted to TSEK 1,549 (285) and comprised recharged costs of TSEK 1,490 (359), other income of TSEK 0 (137) and foreign exchange gains on customer invoices of TSEK 59 (-211).

Operating profit/loss for the quarter

The operating loss for the quarter amounted to TSEK -56,165 (-78,296). The difference in operating profit compared with the corresponding quarter last year is due to significantly lower costs, but also to higher sales. However, the positive effect of this has to some extent been neutralized by negative changes in inventories of products in progress and finished goods following write-down of inventory.

Other external expenses amounted to TSEK -20,675 (-46,163) and most of the decrease was due to that the corresponding quarter last year included subcontracting costs of TSEK -14,771 related to Oasmia increasing its inventory in the preceding year in conjunction with signing the partnership agreement with Elevar Therapeutics, Inc. The decrease is also to a large extent explained by the fact that the corresponding quarter last year was charged with a provision for deductible regarding the class action lawsuit filed against the company in the US in 2019 and which was later settled.

Change in inventories of products in progress and finished goods amounted to TSEK -22,559 (11,234). In the corresponding quarter last year there was a positive effect from the build-up of inventory partly explaining the difference compared to this quarter. The quarter included costs related to the sales of goods as above as well as write-down of inventory due to expired or soon to be expired shelf lives on finished products of TSEK -17,448. The major part of the write-down was related to expired shelf lives on finished products intended for the Nordic market, where the Covid-19 pandemic has had a clear delaying impact on the company's marketing activities.

Employee benefit expenses amounted to TSEK -11,444 (-23,850). The year-on-year decrease in employee benefit expenses was due to the cost-reduction program implemented in autumn 2020. The number of employees at the end of the quarter was 25 (62).

Depreciation, amortization and impairment amounted to TSEK -7,186 (-13,586). As previously announced, the partnership agreement with Elevar Therapeutics, Inc. entails the shutdown of a

considerable share of the company's in-house production in addition to the above staff reduction and led to the impairment of production equipment in the corresponding quarter last year.

Net financial items for the quarter
Net financial items for the quarter of TSEK -1,512 (-1,794) consisted of financial income amounting to TSEK 406 (2,171) and financial expenses of TSEK 1,918 (3,965).

The financial income comprised capital gains on short-term investments of TSEK 56 (1,821) and interest income from current financial receivables of TSEK 350 (350).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 1,695 (1,695), exchange losses on cash and cash equivalents of TSEK 89 (2,040) and interest expenses from leases of TSEK 134 (230). The exchange losses and gains on cash and cash equivalents primarily resulted from the Parent Company's USD holdings.

Profit/loss before tax for the quarter
Income before taxes amounted to a loss of TSEK -57,677 (-80,090). The improvement compared to the corresponding quarter last year is attributable to the better operating profit, see above.

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

Profit/loss for the quarter
The net loss after tax was TSEK -57,677 (-80,090).

Cash flow and capital expenditure
Net cash flow for the quarter was TSEK -8,153 (48,419) and consisted of Cash flow from operating activities of TSEK -40,967 (123,611), Cash flow from investing activities of TSEK 34,308 (-73,322) and Cash flow from financing activities of TSEK -1,494 (-1,869).

Cash flow from operating activities
The cash flow from operating activities for the quarter was TSEK -40,967 (123,611). The difference compared with last year was due to the upfront payment of TSEK 201,100 received from Elevar Therapeutics, Inc. Excluding this item, cash flow from operating activities improved TSEK 36,522, which was mainly due to the effects of the aforementioned cost-reduction program.

Cash flow from investing activities
Cash flow from investing activities for the quarter was TSEK 34,308 (-73,322).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the quarter consisted of investments in property, plant and equipment of TSEK 692 (3,322).

Investments in property, plant and equipment mainly consisted of capital expenditure for fixtures and fittings as well as IT equipment for the new office in Stockholm.

Short-term investments
Investments in short-term fixed-income funds in the second quarter last year amounted to TSEK 100,000. During the second quarter, short-term fixed-income funds amounting to TSEK 35,000 (30,000) were divested. These flows are reported in the cash flow statement as investments in and divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -1,494 (-1,869). Amortization of lease liabilities which mainly comprised rental payments recognized as amortization pursuant to IFRS 16 amounted to TSEK 1,494 (1,338) and issue expenses of TSEK 0 (531).

In the third quarter of the 2019/2020 fiscal year, a rights issue was completed that raised net cash proceeds in that quarter of TSEK 328,134 for the company. For the second quarter of the 2020 calendar year, remaining items related to this rights issue accounted for an outflow of TSEK 531 attributable to issue expenses in the cash flow from financing activities.

THE PERIOD

January 1, 2021 – June 30, 2021

Net sales

Net sales amounted to TSEK 4,633 (201,474) and comprised sales of goods for TSEK 4,559 (300) and licensing revenues of TSEK 74 (201,174). In March 2020, Oasmia and Elevar Therapeutics, Inc. entered a global strategic partnership to commercialize Apealea® with an upfront payment of MUSD 20. The compensation corresponding to TSEK 201,100 was recognized as licensing revenues with the licensing period beginning in April 2020.

Other operating income

Other operating income amounted to TSEK 2,277 (820) and comprised recharged costs of TSEK 2,185 (0), disposal of equipment of TSEK 20 (0), foreign exchange gains on customer invoices of TSEK 72 (356) and other income of 0 (464).

Operating profit/loss for the period

The operating loss for the period amounted to TSEK -97,007 (50,311). The year-on-year difference in operating profit/loss was largely attributable to the licensing revenues received from Elevar Therapeutics, Inc, see the above section on net sales. Moreover, the partnership agreement with Elevar entails, as previously announced, the shutdown of a considerable share of the company's in-house production, which enabled a substantial staff reduction and led to the impairment of production equipment. These measures were implemented in autumn 2020 and we are now noting the effects of this cost-reduction program.

Other operating expenses amounted to TSEK -43,942 (-103,829). A major portion of the year-on-year decrease was attributable to other external services TSEK -33,607 (-52,817), primarily lower consulting costs and legal expenses. Moreover, a non-recurring expense attributable to the preparation of a partnership agreement with Elevar Therapeutics, Inc was charged to the corresponding period last year. The decrease was also due to the corresponding period last year including subcontracting costs of TSEK -23,196 due to Oasmia increasing its inventory in the preceding year in conjunction with signing the partnership agreement with Elevar Therapeutics, Inc.

Change in inventories of products in progress and finished goods amounted to TSEK -22,733 (13,509). The difference compared with the corresponding period last year was also attributable to, in addition to last year's positive effect from the build-up of inventory, costs for the period related to sales as well as write-down of inventory as a consequence of expired shelf lives.

Employee benefit expenses amounted to TSEK -22,612 (-39,747). The year-on-year decrease in employee benefit expenses was due to the aforementioned cost-reduction program.

Depreciation, amortization and impairment amounted to TSEK -14,319 (-16,659). During the last quarter of the 2019/2020 fiscal year (Feb–Apr 2020), the capitalization of development costs for Apealea®/Paclical was concluded and amortization of capitalized development costs for this product started. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company. The partnership agreement with Elevar Therapeutics, Inc also led to impairment of production equipment in the corresponding period last year.

During the period, the company's lease for premises was terminated and the head office was moved to more appropriate premises in Stockholm. Development activities for the time being will remain in Uppsala. The number of employees at the end of the period was 25 (62).

Net financial items for the period
Net financial items for the period of TSEK -1,879 (-5,696) consisted of financial income amounting to TSEK 1,994 (2,367) and financial expenses of TSEK 3,873 (8,063).

The financial income comprised capital gains on short-term investments of TSEK 1,299 (1,672) and interest income from current financial receivables of TSEK 695 (695).

Financial expenses consisted of interest expenses attributable to other borrowings of TSEK 3,372 (3,372), exchange losses on cash and cash equivalents of TSEK 271 (4,251) and interest expenses from leases of TSEK 230 (440). The exchange losses and gains on cash and cash equivalents primarily resulted from the Parent Company's USD holdings.

Profit/loss before tax for the period
The loss before tax amounted to TSEK -98,886 (44,615). The difference was due primarily to the inclusion of licensing revenues from Elevar Therapeutics, Inc. of TSEK 201,100 in the year-earlier period and the effect of the cost-reduction program.

Compared with the corresponding period last year, other external expenses and employee benefit expenses decreased TSEK 77,022. Financial items also had a positive impact of TSEK 3,817.

Income tax
Reported income taxes for the period amounted to TSEK 0 (0).

Profit/loss for the period
The net loss after tax was TSEK -98,886 (44,615).

Cash flow and capital expenditure
Net cash flow for the period was TSEK -37,184 (-251,795) and consisted of Cash flow from operating activities of TSEK -75,101 (60,909), Cash flow from investing activities of TSEK 40,901 (-308,754) and Cash flow from financing activities of TSEK -2,984 (-3,950).

Cash flow from operating activities
Cash flow from operating activities for the period was TSEK -75,101 (60,909). The difference compared with last year was due to the upfront payment of TSEK 201,100 received from Elevar Therapeutics, Inc. Excluding this item, cash flow from operating activities improved TSEK 65,090, which was mainly due to the effects of the aforementioned cost-reduction program.

Cash flow from investing activities
Cash flow from investing activities for the period was TSEK 40,901 (-308,754).

Investments in property, plant and equipment and in intangible assets
Capital expenditure during the period consisted of investments in intangible assets of TSEK 33,236 (0) and investments in property, plant and equipment of TSEK 863 (3,754). Investments in intangible assets comprised license rights acquisitions of TSEK 33,236 (0). Investments in property, plant and equipment mainly consisted of capital expenditure for IT equipment in the period.

The acquisition of license rights pertained to the global development and commercialization rights for Cantrixil – a clinical-stage ovarian cancer program. The agreement is the first step in Oasmia's strategy to reach critical mass in its oncology portfolio.

Short-term investments
During the period, TSEK 0 (380,000) was invested in short-term fixed-income funds and short-term fixed-income funds amounting to TSEK 75,000 (75,000) were divested. These flows are reported respectively in the cash flow statement as short-term investments and divestments of short-term investments.

Cash flow from financing activities
The cash flow from financing activities amounted to TSEK -2,984 (-3,950) and comprised amortization of lease liabilities of TSEK -2,984 (-2,862). These primarily comprised rental payments which were recognized as amortization pursuant to IFRS 16.

In the third quarter of the 2019/2020 fiscal year, a rights issue was completed that raised net cash proceeds in that quarter of TSEK 328,134 for the company.

For the January to June period of the 2020 calendar year, remaining items related to this rights issue accounted for an inflow of TSEK 1,891 and an outflow of TSEK 2,979 attributable to issue expenses in the cash flow from financing activities.

Financing and financial position

Cash and cash equivalents
The Group's cash and cash equivalents at the end of the period amounted to TSEK 3,893 (71,644).

Short-term investments
The company's liquidity surplus was invested in short-term fixed-income funds. The funds' rates are subject to low volatility and the fund units can be converted into cash within a few banking days. As of June 30, 2021, the value of the funds was TSEK 172,409 (305,746).

Other borrowings
On October 31, 2020, Oasmia had a debt to MGC Capital Ltd amounting to TSEK 80,000 (80,000), which is reported in the balance sheet as Other borrowings. This debt fell due on August 24, 2019 and, on submission of this report, remained disputed and had not been settled.

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

In accordance with IFRS 16 Leases, the Group recognizes the present value of future lease payments as interest-bearing liabilities. At the end of the period, the reported lease liabilities amounted to TSEK 10,578 (12,851), of which long-term liabilities were TSEK 6,932 (7,507).

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

Equity
At the end of the quarter, equity amounted to TSEK 582,672 (782,373), the equity/assets ratio was 77% (81), and the debt/equity ratio was negative (negative). The reason that the debt/equity ratio is negative is that net debt is negative, meaning that the sum of cash and cash equivalents and short-term investments is greater than borrowing.

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

	No. of options	Max. No. of shares	Subscription price, interval
Warrants which can be converted to three shares	1,280,250	3,840,750	USD 4.06
Employee stock options which can be converted to one share[1)]	896,739	896,739	SEK 7.36
Employee stock options which can be converted to one share[2)]	375,000	375,000	SEK 5.31–7.84
Max. No. of shares		5,112,489	

1) Directed at the CEO
2) Directed at other senior executives

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

The employee stock option program directed at the company's CEO entailed the issue of 896,739 options, which, subject to continued employment for three years, can be exercised during the period from February 13, 2023 to April 13, 2024 with an agreed strike price of SEK 7.36 per share.

Furthermore, the AGM on September 9, 2020 adopted an employee stock option program directed at other senior executives recruited in 2020. The program encompasses not more than 400,000 options, of which 375,000 have been issued to three senior executives. These can be converted into the same number of shares at strike prices of SEK 5.31, SEK 5.54 and SEK 7.84, respectively, over a 12-month period following a three-year vesting period subject to the senior executive's continued employment for three years.

Effects of the Covid-19 pandemic

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

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

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

Legal information and additional information
As announced on September 25, 2020, Oasmia has initiated legal proceedings against the former board of Oasmia. In the second quarter of 2021, Oasmia has specified its claim for compensation from the former Board of Directors, in those parts such amount can be specified, to approximately SEK 33 million plus interest and compensation for legal costs. The Court has not yet announced a time for the main hearings. In the Company's other legal proceedings, nothing of significance has occurred during this period. More information on the legal proceedings against the former Board of Directors and the company's other legal proceedings can be found in the company's Annual Report for 2020.

Parent Company
The Parent Company's net sales for the period amounted to TSEK 4,633 (201,474) and income before tax was TSEK -94,644 (44,587). As of June 30, 2021, the Parent Company's cash and cash equivalents amounted to TSEK 3,747 (71,480) and short-term investments, which within a few banking days can be converted into cash, amounted to TSEK 172,409 (305,746).

Key metrics and other information

	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
No. of shares at end of period, before and after dilution, thousand	448,370	448,370	448,370	448,370	448,370
Weighted average No. of shares, before and after dilution, thousand	488,370	448,370	448,370	448,359	448,364
Earnings per share before and after dilution, SEK	-0.12	-0.18	-0.22	0.10	-0.13
Equity per share, SEK	1.30	1.74	1.30	1.74	1.52
Equity/assets ratio, %	77	81	77	81	79
Net liability / (cash), TSEK	-96,302	-297,391	-96,302	-297,391	-207,405
Debt/equity ratio, %	neg.	neg.	neg.	neg.	neg.
Return on total assets, %	neg.	neg.	neg.	6	neg.
Return on equity, %	neg.	neg.	neg.	6	neg.
Number of employees at period end	25	62	25	62	29

Definitions

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

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

	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Equity per share					
Equity attributable to Parent Company shareholders at the end of the period, TSEK	582,672	782,373	582,672	782,373	680,197
No. of shares at end of period, thousand	448,370	448,370	448,370	448,370	448,370
Equity per share, SEK	**1.30**	**1.74**	**1.30**	**1.74**	**1.52**
Equity/assets ratio					
Equity at end of period, TSEK	582,672	782,373	582,672	782,373	680,197
Total assets at end of period, TSEK	761,289	967,425	761,289	967,425	863,542
Equity/assets ratio	**77%**	**81%**	**77%**	**81%**	**79%**
Net liability, TSEK					
Other borrowings	80,000	80,000	80,000	80,000	80,000
Total borrowings	80,000	80,000	80,000	80,000	80,000
Short-term investments	172,409	305,746	172,409	305,746	247,277
Cash and cash equivalents	3,893	71,644	3,893	71,644	40,128
Total short-term investments, and cash and cash equivalents	176,302	377,391	176,302	377,391	287,405
Net liability / (cash)	**-96,302**	**-297,391**	**-96,302**	**-297,391**	**-207,405**
Debt/equity ratio					
Net liability, TSEK	-96,302	-297,391	-96,302	-297,391	-207,405
Equity, TSEK	582,672	782,373	582,672	782,373	680,197
Debt/equity ratio	**-17%**	**-38%**	**-17%**	**-38%**	**-30%**
Return on total assets					
Income before deduction of interest expenses	-55,759	-76,125	-95,013	52,678	-39,717
Average total assets	792,525	996,786	812,415	930,642	878,700
Return on total assets	**-7%**	**-8%**	**-12%**	**6%**	**-5%**
Return on equity					
Profit/loss before tax	-57,677	-80,090	-98,886	44,615	-57,541
Average equity	611,135	821,579	631,435	760,432	709,344
Return on equity	**-9%**	**-10%**	**-16%**	**6%**	**-8%**

Consolidated income statement

TSEK	Note	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Net sales		4,596	254	4,633	201,474	201,760
Other operating income		1,549	285	2,277	820	2,904
Change in inventories of products in progress and finished goods		-22,559	11,234	-22,733	13,509	35,170
Capitalized development costs		–	–	–	2,140	2,140
Raw materials and consumables		-446	-6,471	-311	-7,397	-11,500
Other external expenses		-20,675	-46,163	-43,942	-103,829	-164,562
Employee benefit expenses		-11,444	-23,850	-22,612	-39,747	-69,467
Depreciation, amortization and impairment		-7,186	-13,586	-14,319	-16,659	-40,768
Operating profit/loss		**-56,165**	**-78,296**	**-97,007**	**50,311**	**-44,323**
Financial income		406	2171	1,994	2,367	4,606
Financial expenses		-1,918	-3,965	-3,873	-8,063	-17,823
Financial income and expenses – net		**-1,512**	**-1,794**	**-1,879**	**-5,696**	**-13,217**
Profit/loss before tax		**-57,677**	**-80,090**	**-98,886**	**44,615**	**-57,541**
Income tax	2	–	–	–	–	–
Profit/loss for the period		**-57,677**	**-80,090**	**-98,886**	**44,615**	**-57,541**
Profit/loss for the period attributable to:						
Parent Company shareholders		-57,677	-80 090	-98,886	44,602	-58,044
Non-controlling interests		–	–	–	–	–
Earnings per share before and after dilution, SEK		-0.12	-0.18	-0.22	0.10	-0.13

Consolidated statement of comprehensive income

TSEK	Note	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Profit/loss for the period		**-57,677**	**-80,090**	**-98,886**	**44,615**	**-57,541**
Other comprehensive income						
Items that may subsequently be transferred to the income statement:						
Translation differences		348	1,419	743	-13	-503
Total other comprehensive income		**348**	**1,419**	**743**	**-13**	**-503**
Comprehensive income for the period		**-57,329**	**-78,671**	**-98,143**	**44,602**	**-58,044**
Comprehensive income attributable to:						
Parent Company shareholders		-57,329	-78,671	-98,143	44,602	-58,044
Non-controlling interests		–	–	–	–	–

Consolidated statement of financial position

TSEK	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Property, plant and equipment		20,136	29,360	17,630
Capitalized development costs	3	410,566	430,101	420,334
Other intangible assets		41,211	9,618	9,197
Financial assets		302	2,002	302
Total non-current assets		**472,215**	**471,081**	**447,462**
Current assets				
Inventories	4	28,319	29,083	51,496
Accounts receivable		1,942	497	1,489
Other current receivables		45,229	43,717	43,063
Prepaid expenses and accrued income		37,282	45,656	32,628
Short-term investments		172,409	305,746	247,277
Cash and cash equivalents		3,893	71,644	40,128
Total current assets		**289,074**	**496,344**	**416,079**
TOTAL ASSETS		**761,289**	**967,425**	**863,542**
EQUITY				
Equity and reserves attributable to Parent Company shareholders				
Share capital		44,837	44,837	44,837
Other capital provided		1,905,378	1,904,290	1,904,760
Reserves		–	-253	-743
Retained earnings, including income for the period		-1,367,543	-1,166,501	-1,268,657
Equity attributable to Parent Company shareholders		**582,672**	**782,373**	**680,197**
Equity attributable to non-controlling interests		0	0	0
Total equity		**582,672**	**782,373**	**680,197**
LIABILITIES				
Long-term liabilities				
Lease liabilities, long-term		6,932	7,507	6,545
Total long-term liabilities		**6,932**	**7,507**	**6,545**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		8,016	22,044	10,678
Lease liabilities, short-term		3,646	5,344	4,204
Other current liabilities		2,823	3,704	4,660
Accrued expenses and deferred income		77,200	66,453	77,259
Total current liabilities		**171,685**	**177,545**	**176,800**
Total liabilities		**178,617**	**185,052**	**183,345**
TOTAL EQUITY AND LIABILITIES		**761,289**	**967,425**	**863,542**

Consolidated statement of changes in equity

TSEK	Attributable to Parent Company shareholders						
	Share capital	Other capital provided	Reserves	Retained earnings, including profit/loss for the period	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, January 1, 2020	**44,837**	**1,905,010**	**-240**	**-1,211,116**	**738,491**	**0**	**738,491**
Profit/loss for the period	–	–	–	44,616	44,616	–	44,616
Other comprehensive income	–	–	-13	–	-13	–	-13
Comprehensive income for the period	**0**	**0**	**-13**	**44,616**	**44,603**	**0**	**44,603**
Employee stock options	–	260	–	–	260	–	260
Issue expenses	–	-979	–	–	-979	–	-979
Closing balance, June 30, 2020	**44,837**	**1,904,290**	**-253**	**-1,166,501**	**782,373**	**0**	**782,373**
Opening balance, January 1, 2020	**44,837**	**1,905,010**	**-240**	**-1,211,116**	**738,491**	**0**	**738,491**
Profit/loss for the period	–	–	–	-57,541	-57,541	–	-57,541
Other comprehensive income	–	–	-503	–	-503	–	-503
Comprehensive income for the period	**0**	**0**	**-503**	**-57,541**	**-58,044**	**0**	**-58,044**
Employee stock options	–	729	–	–	729	–	729
Issue expenses	–	-979	–	–	-979	–	-979
Closing balance, December 31, 2020	**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**
Opening balance, January 1, 2021	**44,837**	**1,904,760**	**-743**	**-1,268,657**	**680,197**	**0**	**680,197**
Profit/loss for the period	–	–	–	-98,886	-98,886	–	-98,886
Other comprehensive income	–	–	743	–	743	–	743
Comprehensive income for the period	**0**	**0**	**743**	**-98,886**	**-98,143**	**0**	**-98,143**
Employee stock options	–	618	–	–	618	–	618
Closing balance, June 30, 2021	**44,837**	**1,905,378**	**0**	**-1,367,543**	**582,672**	**0**	**582,672**

Consolidated statement of cash flows

TSEK	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Operating activities					
Operating profit/loss	-56,165	-78,296	-97,007	50,311	-44,323
Adjustments for non-cash items	7,857	18,779	13,221	19,772	47,323
Interest received	–	–	–	3	6
Interest paid	-127	-144	-270	-376	-913
Cash flow from operating activities before changes in working capital	**-48,435**	**-59,661**	**-84,056**	**69,711**	**2,093**
Changes in working capital					
Change in inventories	23,374	-14,032	23,548	-18,654	-41,066
Change in accounts receivable	-1,079	-427	-453	-549	-1,541
Change in other current receivables	-4,165	-26,225	-7,190	-25,868	-11,504
Change in accounts payable	-2,913	2,813	-1,190	949	-10,417
Change in other current liabilities	-7,750	221,142	-5,760	35,321	41,951
Cash flow from operating activities	**-40,967**	**123,611**	**-75,101**	**60,909**	**-20,485**
Investing activities					
Investments in intangible assets	–		-33,236		-2,140
Investments in property, plant and equipment	-692	-3,322	-863	-3,754	-5,350
Short-term investments	–	-100,000	–	-380,000	-380,000
Divestment of short-term investments	35,000	30,000	75,000	75,000	135,000
Cash flow from investing activities	**34,308**	**-73,322**	**40,901**	**-308,754**	**-252,490**
Financing activities					
Amortization of lease liability	-1,494	-1,338	-2,984	-2,862	-5,535
New share issues	–	–	–	1,891	1,891
Issue expenses	–	-531	–	-2,979	-2,979
Cash flow from financing activities	**-1,494**	**-1,869**	**-2,984**	**-3,950**	**-6,623**
Cash flow for the period	**-8,153**	**48,419**	**-37,184**	**-251,795**	**-279,598**
Effects of exchange rate changes on cash and cash equivalents	**-62**	**-2,224**	**949**	**-2,219**	**-5,932**
Cash and cash equivalents at the beginning of the period	**12,108**	**25,449**	**40,128**	**325,658**	**325,658**
Cash and cash equivalents at the end of the period	**3,893**	**71,644**	**3,893**	**71,644**	**40,128**

Parent Company income statement

TSEK	Note	2021 Apr–Jun	2020 Apr–Jun	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Net sales		4,596	254	4,633	201,474	201,760
Change in inventories of products in progress and finished goods		-22,559	11,235	-22,733	13,509	35,170
Capitalized development costs		–	–	–	2,140	2,140
Other operating income		1,549	285	2,277	820	2,904
Raw materials and consumables		-446	-6,471	-311	-7,397	-11,501
Other external expenses		-21,378	-46,564	-45,951	-106,747	-174,990
Employee benefit expenses		-11,443	-23,836	-22,612	-39,724	-69,445
Depreciation, amortization and impairment of PPE and intangible assets		-6,304	-12,196	-12,159	-13,877	-31,148
Operating profit/loss		**-55,985**	**-77,294**	**-96,856**	**50,196**	**-45,109**
Profit/loss from participations in Group companies		-330	-692	-330	-1,048	-1,773
Other interest income and similar income		406	2,865	1,994	3,061	5,716
Interest expenses and similar expenses		-1,784	-3,754	-3,643	-7,622	-16,892
Financial income and expenses – net		**-1,708**	**-1,581**	**-1,979**	**-5,609**	**-12,948**
Profit/loss before tax		**-57,693**	**-78,875**	**-98,835**	**44,587**	**-58,057**
Income tax on profit/loss for the period	2	–	–	–	–	–
Profit/loss for the period		**-57,693**	**-78,875**	**-98,835**	**44,587**	**-58,057**

Parent Company balance sheet

TSEK	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalized development costs	3	410,566	430,101	420,334
Concessions, patents, licenses, trademarks and similar rights		41,211	9,618	9,197
Property, plant and equipment				
Equipment, tools and fixtures and fittings		9,003	10,275	9,310
Construction in progress and advance payments for property, plant and equipment		646	5,175	655
Financial assets				
Participations in Group companies	5	60	60	60
Other securities held as non-current assets		301	2,001	301
Total non-current assets		**461,787**	**457,230**	**439,857**
Current assets				
Inventories, etc.	4			
Raw materials and consumables		6,971	6,663	7,414
Products in progress		8,640	7,900	10,810
Finished goods		12,708	14,520	33,271
		28,319	29,083	51,496
Current receivables				
Accounts receivable		1,942	497	1,489
Other current receivables		45,227	43,716	43,061
Prepaid expenses and accrued income		37,653	47,185	33,970
		84,822	91,398	78,520
Short-term investments		172,409	305,746	247,277
Cash and bank balances		3,747	71,480	39,957
Total current assets		**289,297**	**497,707**	**417,249**
TOTAL ASSETS		**751,084**	**954,938**	**857,105**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		44,837	44,837	44,837
Statutory reserve		4,620	4,620	4,620
Reserve for development costs		26,245	27,947	27,096
		75,702	77,404	76,553
Non-restricted equity				
Share premium reserve		1,905,524	1,904,603	1,905,073
Retained earnings		-1,295,986	-1,239,631	-1,238,780
Profit/loss for the period		-98,835	44,587	-58,057
		510,703	709,559	608,235
Total equity		**586,405**	**786,963**	**684,788**
Current liabilities				
Other borrowings		80,000	80,000	80,000
Accounts payable		8,016	20,364	9,093
Liabilities to Group companies		2,784	2,784	2,784
Other current liabilities		1,343	2,222	3,177
Accrued expenses and deferred income		72,536	62,605	77,262
Total current liabilities		**164,679**	**167,975**	**172,317**
TOTAL EQUITY AND LIABILITIES		**751,084**	**954,938**	**857,105**

Parent Company statement of changes in equity

	Restricted equity			Non-restricted equity		
TSEK	Share capital	Statutory reserve	Reserve for development costs	Share premium reserve	Retained earnings, including profit/loss for the year	Total equity
Opening balance, January 1, 2020	**44,837**	**4,620**	**26,281**	**1,905,321**	**-1,237,965**	**743,094**
Profit/loss for the period	–	–		–	44,587	44,587
Provision to Reserve for development costs	–	–	2,140	–	-2,140	0
Reversal of Reserve for development costs	–	–	-474	–	474	0
Employee stock options	–	–	–	260	–	260
Issue expenses	–	–	–	-979	–	-979
Closing balance, June 30, 2020	**44,837**	**4,620**	**27,947**	**1,904,602**	**-1,195,044**	**786,963**
Opening balance, January 1, 2020	**44,837**	**4,620**	**26,281**	**1,905,323**	**-1,237,965**	**743,096**
Profit/loss for the year	–	–	–	–	-58,057	-58,057
Provision to Reserve for development costs	–	–	2,140	–	-2,140	0
Reversal of Reserve for development costs	–	–	-1,325	–	1,325	0
Employee stock options	–	–	–	729	–	729
Issue expenses	–	–	–	-979	–	-979
Closing balance, December 31, 2020	**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Opening balance, January 1, 2021	**44,837**	**4,620**	**27,096**	**1,905,073**	**-1,296,837**	**684,789**
Profit/loss for the period	–	–	–	–	-98,835	-98,835
Reversal of Reserve for development costs	–	–	-851	–	851	0
Employee stock options	–	–	–	451	–	451
Closing balance, June 30, 2021	**44,837**	**4,620**	**26,245**	**1,905,524**	**-1,394,821**	**586,405**

NOTE 1 – Accounting policies, etc.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Securities Market Act. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as recommendation RFR 1 Supplementary Accounting Regulations for Groups and the Annual Accounts Act.

The Group's accounting policies and calculation methods are consistent with those used in the Annual Report for the fiscal year from May 1, 2020 to December 31, 2020.

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

No new or amended IFRS standards or IFRIC interpretations have entered force since January 1, 2021 that have had any impact on Oasmia's financial statements.

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

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

As the Annual General Meeting on September 9, 2020 resolved to change the company's fiscal year to the calendar year, the comparative figures in this Interim Report cover the corresponding periods last year, i.e. for the quarter April 1 to June 30, 2020 and the periods January 1 to June 30, 2020 and January 1 to December 31, 2020, respectively.

Note 2 Income taxes

The Group had accumulated loss carryforwards from previous years amounting to TSEK 1,466,734 (1,278,640) and the Parent Company had such loss carryforwards of TSEK 1,444,911 (1,251,339).

There are at present no sufficiently convincing indications as to when loss carryforwards will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet.

Note 3 Capitalized development costs

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

TSEK	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Paclical	301,158	320,693	310,926
Paccal Vet	109,408	109,408	109,408
Total	410,566	430,101	420,334

During the 2018/2019 fiscal year, amortization was started for that part of the capitalized development costs for Paclical/Apealea® that was attributable to the Russian market and, in 2019/2020, amortization of the other portions of the capitalized development costs pertaining to Paclical/Apealea® was started. Amortization in the period amounted to TSEK 9,768 (5,546).

Note 4 Inventories

TSEK	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Measured at cost			
Raw materials and consumables	6,971	6,663	7,414
Products in progress	8,640	7,900	10,811
Finished goods	12,708	14,520	33,271
Total	28,319	29,083	51,496

Goods have been expensed and written down as follows:

TSEK	2021 Jan–Jun	2020 Jan–Jun	2020 Jan–Dec
Expensed goods	5,739	–	134
Written down goods	17,448	5,404	5,404

Note 5 Transactions with related parties

The Parent Company has undertaken, on certain conditions, when necessary, to finance the US subsidiary AdvaVet with financial loans up to a total of TUSD 1,500.

On March 31, 2021, the Parent Company's receivable from AdvaVet, including accrued interest, amounted to TUSD 1,590, which was recognized at TSEK 13,494. However, since management has made the assessment that AdvaVet will not be able to repay this receivable, the receivable in the Parent Company has been written down in previous periods in its entirety.

The Board decided prior to the close of the previous fiscal year to liquidate AdvaVet and, accordingly, the company was wound up during the period. During the second quarter of 2021, the subsidiary AdvaVet was liquidated in accordance with a board decision made during the previous financial year. As the parent company's receivable from AdvaVet has already been written down in previous periods, the liquidation has no effect on either the parent company's or the Group's earnings or financial position.

During the period, expenses in the form of consultancy fees to members of the Board or management were recognized in an amount of TSEK 1,541.

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

Note 6 Contingent liabilities, pledged assets and contingent assets

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

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

Balance with MGC Capital LTD. (MGC)

MGC presented a claim for compensation from Oasmia as a result of MGC not being allowed to subscribe for shares by means of 23.2 million warrants. The associated claim is set at approximately MSEK 230 and is based on the assumption that MGC was entitled to the warrants and that MGC divested all of its shares in November 2018. MGC has applied for a subpoena partly for the claim of MSEK 80 and partly for damages that have been adjusted to approximately MSEK 230.

Oasmia's Board of Directors considers that MGC's claim for damages has no merit and has therefore disputed it. After initial proceedings in the District Court, the case was dismissed. MGC initially appealed the decision to the Svea Court of Appeal but later withdrew. Thus, the alleged claim is not being tried.

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

Note 7 Risk factors

The Group is exposed to various types of risk through its operations. Through creating awareness of the risks inherent to operations, these risks can be limited, controlled and managed at the same time as business opportunities can be leveraged to increase earnings.

The risks pertaining to Oasmia's operations are detailed in the Annual Report for the fiscal year from May 1, 2020 to December 31, 2020.

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 the Group's activities, position and results, and describes essential risks and uncertainty factors that the Parent Company and the companies that are part of the Group face.

Uppsala, August 19, 2021

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

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

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

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

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

COMPANY INFORMATION

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

Contact
Oasmia Pharmaceutical AB
Vallongatan 1
752 28 Uppsala, Sweden

Head Office:
Oasmia Pharmaceutical AB
Gustav III:s Boulevard 46, 5th floor
169 73 Solna, Sweden

Phone: +46 18-50 54 40
Website: www.oasmia.com
E-mail: info@oasmia.com

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

Fredrik Järrsten, Chief Financial Officer
Phone: +46 18-50 54 40
E-mail: IR@oasmia.com

Financial calendar

Interim report Q3 (Jan-Sep 2021)	November 18, 2021
Year-end report (Jan-Dec 2021)	February 24, 2022