



STATEMENT OF THE BOARD

London, 5 January 2019

Sirs,

The directors of MGC Capital (“MGC”) wish to respond to the current ongoing issues with Mr. Per Arwidsson (Arwidssro Investment AB) and Oasmia Pharmaceutical. The situation is one of much surprise and great frustration.

MGC were offered an opportunity together with Mr. Arwidsson more than a year ago to replace a current loan when due from Nexttobe AB to Oasmia Pharmaceutical AB. The MGC management evaluated the risk/reward and decided to go with the opportunity, arranging for 30% of the loan monies to be placed. With the other 70% to be placed by Mr. Arwidsson.

We then took part in the negotiations with Nexttobe, which were held at the end of July and August 2018, with the intention that we should proceed and honour the above agreement that had been made on the 27th December 2017. Much to our surprise, Mr. Arwidsson refused to take their agreed part of the actual loan. This was a big surprise, and actually quite alarming. Further meetings, debate and considerations were then carried out in-house here at MGC. MGC returned to the company and, after very intense negotiations, we agreed not only to take our own agreed part but also Mr. Arwidsson’s 70%. So, to summarise, MGC finally took the full 100% of the loan granted by Nexttobe to Oasmia. It must be stressed that, once we had taken over the entire loan, we still offered on several occasions to Mr. Arwidsson to take his part. However, each time we asked we received a negative reaction, so we understood and concluded that Mr. Arwidsson was not willing to take any more risk. It was also noted that Mr. Arwidsson was already a large shareholder so was already both exposed and in a position for potential uplift on his original investments.

Moving forward some weeks, it goes without saying that once EMA had made its favourable decision it was no longer in our interest to offer any part of the deal. MGC had, after all, taken all the risk – all 100% of the risk.

The Board were then made aware that Mr. Arwidsson was now asking for the said warrants. This came as a total surprise as there was no valid claim to said warrants – his opportunity was well and truly missed. This is a first for MGC – we have never seen nor heard of anything like this before. Mr. Arwidsson has since harassed the MGC board and Managing Director

with delusional legal letters and paperwork when there is clearly and plainly no valid nor legal claim. It is a bizarre situation, and not that one would expect in the corporate world with experienced parties.

We are sure that other shareholders will not be pleased to see this ridiculous claim being aired in public and giving an unnecessary negative aura around the company. The share price is, and will be affected by Mr. Arwidsson's distasteful financial strategies.

There are also now expensive legal fees being incurred, in responding to what is such a mind-boggling situation. Situations created as they have been in this case do not assist or help a company, they hinder it. This is upsetting and distressing. It should be noted by all that it was MGC that took a substantial risk, and obviously the risk taken could have been a failure. That extra risk taken when opting to take the extra 70% of the loan was a stressful decision for MGC. We can add that we are sure that in that negative event of no EMA approval gained, Mr. Per Arwidsson would not be chasing to refund the monies placed that would now have been lost by MGC.

We do hope sense prevails and Mr. Per Arwidsson decides that his refusal to go ahead with the cash input at the time was, in hindsight, not the best option, but that as he is still a large shareholder he is in a good place to enjoy the fruition of company growth moving forward. MGC fully supports the Oasmia board to continue with its successful work and in creating growth and shareholder value.

In closing we feel the need to address a fallacious rumour that has been circulating. Even though we have known and done business with Mr. Julian Aleksov for many years, he is not and has never been any part of MGC.

Yours,

Stuart Kinner
Managing Director
MGC Capital Ltd

For and on behalf of MGC Capital Limited