*Company Update*

**BUY**

**21 April 2021**

# Oasmia Pharmaceutical AB

## Phase Ib of docetaxel micellar in prostate cancer authorised

**Oasmia has announced that the Swiss medical authorities have approved the start of a Phase Ib trial (SAKK 67/20) of Oasmia's docetaxel micellar in metastatic castration-resistant prostate cancer (mCRPC). This drug is an enhanced formulation of the widely used chemotherapy docetaxel that Oasmia has generated from its proprietary XR17™ platform and could offer safety advantages over the original formulation mitigating the need for premedication. SAKK 67/20 is a multi-centre, open-label trial with a 3+3 dose-escalation design and target recruitment of 18 chemotherapy-naïve patients with mCRPC. Patients are to be treated with up to 10, 21-day cycles of one of three dose levels of docetaxel micellar until progression, toxicity or study withdrawal. The primary endpoint is to determine the maximum tolerated dose of docetaxel micellar, and secondary efficacy endpoints include progression free survival, prostate-specific antigen (PSA) progression, PSA response and partial or complete radiological soft tissue response. The study is expected to commence in H1 2021 and has a primary endpoint date (as listed on ClinicalTrials.gov) of June 2023. We are enthusiastic about the prospects for Docetaxel micellar, and with positive clinical data, believe the drug could be the subject of a significant licensing deal. We maintain our BUY rating and fair value of SEK 7/share.**

- **We believe the commercial opportunity in mCRPC to be large** – docetaxel has remained a mainstay option since its approval in 2004 (brand name Taxotere®, though now multiple generics are available globally. No other agent since has shown superiority in terms of efficacy to docetaxel, rather oncologists must choose how to sequence the various agents approved for mCRPC, and we anticipate the majority of patients would receive docetaxel at some point. ~43,000 people develop mCRPC in the US annually, equating to a market opportunity of ~$1.5 billion in this key market alone by our calculations.

- **Oasmia's XR17™ platform is validated by Apealea®** – its enhanced formulation of paclitaxel developed using its proprietary XR17™ platform. Apealea® plus carboplatin is approved in Europe for the treatment of advanced, relapsed, platinum-sensitive ovarian cancer. Relative to the standard paclitaxel formulation, Apealea® contains a higher dose of API, can be infused over a shorter timeframe, and has no mandatory requirement for premedication due to a lower risk of hypersensitivity reactions, with no compromise on efficacy.

| | |
|---|---|
| Price | SEK 3.37 |
| Fair value | SEK 7 |
| Market capitalisation | SEK 1,512 million |
| Enterprise value | SEK 1,305 million |
| 12m high/low | SEK 8.78 / SEK 3.19 |
| Avg. daily volume | 2.5m |
| Bloomberg / Reuters | OASM SS / OASM.ST |
| Exchange | Stockholm |
| Adviser | Yes |
| Next results (Q1) | 27 May 2021 |

Top 5 Shareholders

| | |
|---|---|
| *Per Arwidsson* | *24.8%* |
| *Avanza Pension* | *6.4%* |
| *Mastan AB (Håkan Lagerberg)* | *2.1%* |
| *Nordnet Pension Insurance* | *1.9%* |
| *Swedbank Insurance* | *1.5%* |


Analysts

Dr Joseph Hedden (Biotechnology & Pharma)
joseph@rxsecurities.com +44 (0) 207 993 8244

Dr Samir Devani
samir@rxsecurities.com +44 (0) 207 993 8210

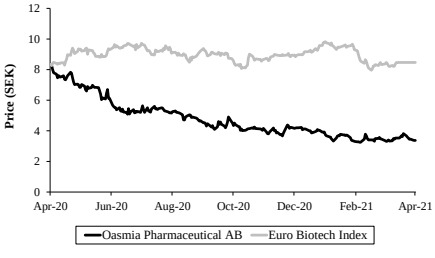
Dr Ross Blair
ross@rxsecurities.com +44 (0) 207 993 8796

Michael King (Medical Technology)
michael@rxsecurities.com +44 (0) 207 993 8249

Corporate Broking

Julian Burn-Callander
julian@rxsecurities.com +44 (0) 207 993 8210


**Share price performance (1 year)**




Source: Rx Securities

**Key financial data (MSEK) – IFRS**

| Y/E 30 Apr | 2020A* | 2021E | 2022E | 2023E | 2024E |
|---|---|---|---|---|---|
| Revenue | 0.5 | 14.9 | 39.9 | 51.2 | 82.2 |
| EBITDA | (102.6) | (122.2) | (126.5) | (110.7) | (90.1) |
| Net Income | (140.3) | (152.9) | (157.9) | (142.9) | (123.0) |
| EPS (SEK) | (0.3) | (0.3) | (0.4) | (0.3) | (0.3) |
| Net Cash | 207.4 | 56.3 | (65.5) | (171.6) | (257.1) |

Source: Rx Securities estimates ; *1 May 2020 to 31 December 2020, in January 2021 Oasmia's financial year-end changed from 30 April to 31 December

| Consensus | 2021E | 2022E | 2023E | 2024E |
|---|---|---|---|---|
| Revenue | 14.25 | 33.63 | 53.3 | 66.5 |
| EBITDA | (124.9) | (118.5) | (115.9) | (121.0) |

Source: Bloomberg

# Important Disclosures

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