

## Oasmia Pharmaceutical AB

### Inceptua to now commercialise Apealea<sup>®</sup> in the Nordics

Oasmia Pharmaceutical has announced that it has transferred the rights to commercialise its key value-driver Apealea<sup>®</sup> (an enhanced formulation of paclitaxel for ovarian cancer) in the Nordic countries to Inceptua Group. Under the terms of the deal, Oasmia is eligible to receive double-digit percentage royalties on sales of Apealea<sup>®</sup> in the Nordics. We believe this is a sensible deal as Inceptua had already obtained rights to commercialise the drug in other European countries under a deal with Oasmia's partner Elevar Therapeutics in December 2020 (see below) – we expect that the streamlining of Oasmia's operations will enable some cost savings that can be funnelled towards progressing its current R&D pipeline assets docetaxel micellar (Phase Ib trial in prostate cancer just started dosing) and cantrixil (we anticipate entering Phase II next year), as well as advancing its “string of pearls” strategy to further grow the oncology portfolio. We continue to project Inceptua conducting the first launches of Apealea<sup>®</sup> in European countries in H2 2021, while we believe Elevar could initiate new trials also in H2 to support a future NDA (we forecast US launch in 2025). We have revised our forecasts to reflect the structure of this deal and consequent modest cost savings. With sales in the Nordics only a fraction of our forecasts for peak sales of Apealea<sup>®</sup> for \$275 million in the US and Europe, the new economics have no material impact on our valuation of Oasmia – we maintain our BUY rating and fair value of SEK 7/share.

Price	SEK 2.95
Fair value	SEK 7
Market capitalisation	SEK 1,325 million
Enterprise value	SEK 1,215 million
12m high/low	SEK 5.75 / SEK 2.82
Avg. daily volume	3.8m
Bloomberg / Reuters	OASM.SS / OASM.ST
Exchange	Stockholm
Adviser	Yes
Next results (Q2)	19 August 2021

#### Top 5 Shareholders

Per Arwidsson	24.8%
Avanza Pension	6.6%
Mastan AB (Håkan Lagerberg)	2.1%
Nordnet Pension Insurance	1.7%
Swedbank Insurance	1.5%

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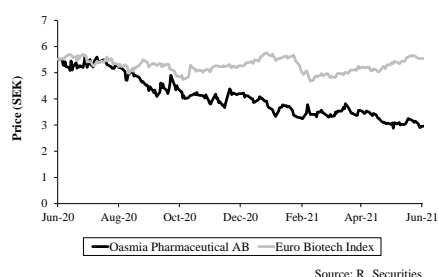
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#### Share price performance (1 year)



- **Elevar sublicensed Apealea<sup>®</sup> in Europe with Inceptua in December 2020** – the economics due to Oasmia under its deal with Elevar are unchanged – development, regulatory and sales milestones up to \$678 million, and double-digit percentage royalties on sales. Inceptua's Pharma division has infrastructure across Europe and the Middle East, marketing orphan and specialty care products including Farydak<sup>®</sup> (panobinostat, developed by Novartis), a drug to treat relapsed/refractory multiple myeloma.
- **Phase Ib trial of docetaxel micellar in mCRPC underway** – this open-label, 3+3 design dose-escalation trial is to recruit up to 18 chemotherapy-naïve mCRPC patients. Patients are to be treated with up to 10, 21-day cycles of one of three dose levels of docetaxel. The primary endpoint is to determine the maximum tolerated dose, and secondary efficacy endpoints include progression-free survival and prostate-specific antigen progression. The study has a primary endpoint completion date (as listed on ClinicalTrials.gov) of June 2023.

#### Key financial data (MSEK) – IFRS

Y/E 31 Dec	2020A*	2021E	2022E	2023E	2024E
Revenue	0.5	11.3	29.0	29.9	63.5
EBITDA	(102.6)	(124.9)	(131.0)	(125.1)	(101.4)
Net Income	(140.3)	(158.0)	(164.6)	(159.5)	(136.6)
EPS (SEK)	(0.3)	(0.4)	(0.4)	(0.4)	(0.3)
Net Cash	207.4	51.8	(74.2)	(194.3)	(290.8)

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	14.6	41.2	54.2	82.2
EBITDA	(125.0)	(109.9)	(105.3)	(90.1)

Source: Bloomberg

Rx Securities (www.rxsecurities.com) is authorised and regulated by the Financial Conduct Authority

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