Oasmia Pharmaceutical AB

1 March 2021

In-licenses clinical-stage ovarian cancer drug

Price	SEK 3.3
Fair value	SEK 7
Market capitalisation	SEK 1,480 million
Enterprise value	SEK 1,342 million
12m high/low	SEK 11.45 / SEK 3.2
Avg. daily volume	10.9m
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	*5.4%*
Nordnet Pension Insurance	*2.1%*
Mastan AB (Håkan Lagerberg)	*2.0%*
Swedbank Insurance	*1.5%*

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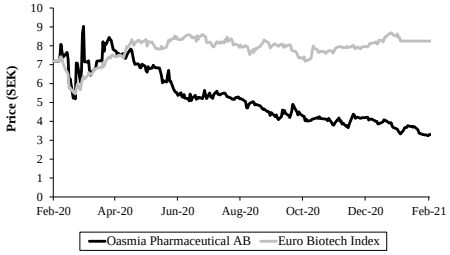
Share price performance (1 year)



Source: R_x Securities

Oasmia has announced a deal with the Australian biotech Kazia Therapeutics to acquire the exclusive global and development rights to Cantrixil, a potential first-in-class drug for ovarian cancer. Cantrixil consists of a potent and selective third-generation benzopyran SMETI inhibitor, TRXE-002-01, encapsulated in a cyclodextrin drug delivery vehicle. It is believed to target a wide spectrum of cancer cells, including chemotherapy-resistant tumour-initiating cells that are thought to be responsible for disease relapse. Oasmia is paying $4 million upfront for rights, with Kazia eligible for milestones up to $42 million plus double-digit royalties. A Phase I trial of Cantrixil has generated positive data (final data reported in December 2020, see below), and Oasmia expects to initiate a Phase II study of the drug in 2022. We believe this is a good deal for Oasmia, which already has a wealth of expertise in ovarian cancer drug development from securing European approval of Apealea® (paclitaxel micellar). Indeed, combination trials of Cantrixil and Apealea® could be possible, and we also anticipate the Company investigating whether its validated XR-17™ could be used to enhance the drug's formulation for various routes of administration. Oasmia is continuing to search for in-licensing opportunities to expand its oncology pipeline further. The Company is hosting a conference call at 2pm CET to discuss the deal (dial-in +443333009264). We maintain our BUY rating and fair value of SEK 7/share.

- **Positive data from Phase I trial of Cantrixil** – In this trial, patients with advanced, persistent or recurrent ovarian cancer (heavily pre-treated) received two cycles of treatment with Cantrixil monotherapy followed by up to six cycles in combination with other chemotherapy agents. In Part A (dose escalation), 11 patients received at least one dose of Cantrixil, and the maximum-tolerated dose was determined to be 5mg/kg. In part B, a further 14 patients were enrolled. In December 2020, top-line final data were reported from 16 patients who received the 5 mg/kg dose and were evaluable for efficacy. An overall response rate of 19% was observed, consisting of one complete response (patient remains in remission three years after their last dose) and two partial responses. The drug was generally well-tolerated, with primarily gastrointestinal toxicities observed (abdominal pain, vomiting, and nausea).

Key financial data (MSEK) – IFRS

Y/E 30 Apr	2020A*	2021E	2022E	2023E	2024E
Revenue	0.5	7.5	20.5	41.7	66.4
EBITDA	(102.6)	(144.6)	(155.8)	(140.1)	(121.0)
Net Income	(140.3)	(175.3)	(187.3)	(172.3)	(154.0)
EPS (SEK)	(0.3)	(0.4)	(0.4)	(0.4)	(0.3)
Net Cash	207.4	31.6	(119.8)	(255.3)	(371.8)

Source: R_x 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	0.7	8.7	42.7	41.7
EBITDA	(117.9)	(115.1)	(111.4)	(115.0)

Source: Bloomberg

Important Disclosures

I, Joseph Hedden, hereby certify that the views about the companies and their securities discussed in this report are accurately expressed and I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

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