2014-06-25

PRESS RELEASE

Oasmia signs agreement for patented technology XR-17

Today, the Swedish pharmaceutical company Oasmia Pharmaceutical AB (publ) (Oasmia) announced that a research agreement has been signed between Oasmia and a global pharmaceutical company. The agreement relates to the use of Oasmia's patented nanoparticle formulation technology XR-17. The full terms of the agreement cannot be disclosed at this point in time.

Under the terms of the agreement, Oasmia will initially perform tests to investigate the possibility of making a solid formulation with the partner's specified compound in combination with XR-17. XR-17 has been proven in several pre-clinical and clinical studies to make single or multiple APIs (Active Pharmaceutical Ingredients) water-soluble. If the results of these tests are considered promising according to the terms of the agreement, further development work will continue in collaboration with the partner at their research facilities.

The XR-17 technology is the basis for Oasmia's own project portfolio within human and veterinary oncology which today consists of one conditionally approved product, (Paccal Vet®-CA1), one in registration (Paclical), and a further four products in various phases of clinical studies and pre-clinical development.

Solubility is one of the most important parameters when it comes to achieving the desired concentration of a drug in systemic circulation for anticipated pharmacological response. Low aqueous solubility is the major problem encountered with regards to formulation development of new chemical entities, as well as for generic development. There are numerous approaches available to enhance solubility of poorly water-soluble drugs. Micellar solubilisation is a well-established method to make a drug water-soluble, but the compounds used so far to create micelles have induced undesirable side effects, e.g. hypersensitivity reactions that require prophylactic treatment.

"The agreement we have signed today is indeed a validation of the XR-17 technology, which has always been, and continues to be, the heart and soul of Oasmia's research and development. Since the inception of this company 15 years ago, we have steadily built a portfolio of potential oncology treatments using the XR-17 technology, with the aim to produce better, safer drugs. With this agreement, we have the opportunity not only to develop additional products within our portfolio but also to add a third leg to our business model apart from our existing human and veterinarian oncology products", commented Julian Aleksov, CEO of Oasmia.

"We understand that other pharmaceutical companies are looking for excipients that can potentially be used to make water-insoluble compounds, soluble. We are very proud to be recognized as a provider of a technology that has the potential to play an important part in future drug development", he continued.

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Notes to editors:

About Oasmia Pharmaceutical AB
Oasmia Pharmaceutical AB develops new generations of drugs in the field of human and veterinary oncology. The company's product development aims to create and manufacture novel nanoparticle formulations and drug-delivery systems based on well-established cytostatics which, in comparison with current alternatives, show improved properties, reduced side-effects, and expanded applications. The company's product development is based on its proprietary in-house research and company patents. Oasmia is listed on NASDAQ OMX Stockholm (OASM) and the Frankfurt Stock Exchange (OMAX, ISIN SE0000722365).

About XR-17
XR-17 is a patented, nanoparticle formulation technology, which makes single or multiple APIs water soluble. XR-17, which consist of Vitamin A derivatives forms structures called micelles with the encapsulated active substance. A micelle containing a water insoluble substance consists of the active ingredient surrounded by XR-17 with the hydrophobic, non-polar chain pointing towards the active ingredient and the hydrophilic, polar head pointing outwards. If the active compound is water soluble, the hydrophilic, polar head points inwards. The micelles are extremely small, 20 to 60 nm depending on the API, and quality as nanoparticles. The toxicity of, XR-17 is low. Animal data indicate that a dose eight times the expected dose used in formulation in clinical trials is non-toxic.