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Serendex signs $11.5 million-worth deal with an undisclosed Japanese company

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Norway-based Serendex Pharmaceuticals A/S has entered into a non-binding term sheet with a pharma company regarding Serendex's possible future grant of an exclusive license to the compound molgramostim in Japan. Due to a confidentiality undertaking, Serendex Pharmaceuticals is restricted from disclosing the identity of the partner.

Provided a definitive license agreement is made between the two companies upon terms identical to the ones set out in the term sheet, Serendex will receive up to $11.5 million in milestone payments and be entitled to royalties on future sales in Japan. The agreement would render the strategic partner license holder of Molgradex for the treatment of PAP in Japan and also contain a license option for other indications. The Japanese market represents approximately 10% of the global market for PAP.

"We are thrilled about this potential agreement with the strategic partner. It proves in our view that there is a real demand and a substantial global market for our future product and it reflects our dedication to developing an inhalation treatment for PAP patients that have no treatment options today," said Kim Arvid Nielsen, CEO of Serendex.

Upon achievement of certain future milestones, payments will become payable by the strategic partner. However, the potential license agreement is not expected to have a significant cash effect on Serendex cash flow in 2016 and Q1-Q3 of 2017.

The significant future milestones relate to completion of a successful clinical study in Japan (expected in Q4 2017), submission for marketing authorization in Japan (expected in 1H 2018) and achievement of marketing authorization in Japan (expected in 1H 2019). Furthermore, Serendex will under the potential license agreement be entitled to royalty payments based on accumulated net sales in Japan.

Specific attention is drawn to the fact that the term sheet between Serendex Pharmaceuticals A/S and the strategic partner is non-binding and that there is a significant risk that the term sheet will not lead to a final and legally binding agreement between Serendex Pharmaceuticals A/S and strategic partner.

It is a prerequisite for the strategic partner for entering into a legally binding agreement that the partner has concluded a satisfactory due diligence and that Serendex Pharmaceuticals A/S's financial situation improves beyond the positive effect that a fully subscribed Rights Issue will have on Serendex Pharmaceuticals A/S's financial situation.

Therefore Serendex will, following the Rights Issue, continue to investigate opportunities and terms for entering into strategic partnerships, mergers or similar transactions and/or licensing agreements.

In addition, the company will investigate opportunities for receiving additional debt or equity financing. The net proceeds after costs of the Rights Issue will be minimum DKK 11.1 million and maximum DKK 45.6 million based on the exchange rate as of 10 December 2015 - reference is in this respect made to Serendex's prospectus dated 10 December 2015 in which the Rights issue is further described, and specifically section 27.4 'Reason for the Rights Issue and use of the proceeds'.

Serendex Pharmaceuticals A/S is preparing a supplement to the prospectus published on 10 December 2015 covering the abovementioned. The supplement will be published as soon as the Financial Supervisory Authority of Norway has approved the supplement.