



Factor Therapeutics Enters into commercial agreement for Veterinary Medical Technology Pipeline

Brisbane (Australia) and Rockville (USA) 24 July 2020: Factor Therapeutics Limited (ASX:FTT, "FTT" or the "Company") today announces that it has entered into a term sheet with Rockville-based Brain Biosciences, Inc. doing business as (DBA) LONGMILE Veterinary PET Imaging ("LONGMILE"), a commercial-stage veterinary medical technology company, relating to the negotiation and potential implementation of a transaction to acquire products and technologies for companion animal and equine veterinary imaging from LONGMILE.

The term sheet includes a one hundred and twenty (120) day exclusivity, "no shop" and "no talk" period for the parties to use commercially reasonable efforts to complete due diligence and conclude the negotiation of formal transaction documents for the acquisition of the exclusive, global commercial rights to LONGMILE's veterinary product portfolio. For the exclusivity period, the Company has agreed to pay the consideration of US\$25,000. The Company has further agreed to pay US\$25,000 to LONGMILE upon execution of formal transaction documents.

The parties have negotiated detailed non-binding terms in relation to the proposed acquisition, which includes matters relating to commercial terms, board composition, management team structure and asset commercialisation strategy, and includes several conditions precedent to execution of the transaction documents including but not limited to:

- Completion of final technical, intellectual property and commercial due diligence, mutually satisfactory to the parties;
- Negotiation of a definitive commercial terms related to transfer pricing, manufacturing capacity and ongoing technology and intellectual property development;
- Demonstration to LONGMILE shareholders that FTT has at least A\$3m in cash at the time of completion of the transaction to be able to fund the near-term commercial and sales activity of the business;
- Final board and management structure post-transaction, which anticipates several new appointments with appropriate domain expertise to lead the proposed new focus of the business; and
- Receipt of the requisite shareholder and regulatory approvals.

The Company will provide detailed information regarding the assets and the proposed transaction structure and consideration once the conditions precedent have been determined, as the outcome of due diligence and deal structuring may impact final commercial terms.

In addition to commercial conditions precedent, completion of the transaction will be subject to conditions imposed by the Australian Securities Exchange (**ASX**) in terms of demonstrating continuity of business operations and/or requirements under Chapter 11 of the ASX listing rules regarding change in nature or scale of the Company's operations, including to re-comply with Chapters 1 and 2 of the ASX listing rules. Trading in the securities of FTT will continue to be suspended until such time as the transaction is concluded and the Company has satisfied all ASX requirements.

FTT Chair Dr Cherrell Hirst stated, "The Board of Factor Therapeutics is excited to bring to shareholders the business opportunity to commercialise advanced veterinary imaging products. Such technologies have become a standard part of oncology, infection and rheumatology care in human medicine and there is a growing unmet need to deliver similar



capabilities in veterinary medicine, against the backdrop of rapid growth in the global animal insurance market. Uniquely, the LONGMILE team have demonstrated a solid scientific foundation and commercial application of the use of imaging diagnosis and treatment management in both large and small animals, with a stellar reputation for innovation and novel product development. We look forward to completing final diligence and commercial terms in order to bring this opportunity in full to shareholders in the coming months.”

About LONGMILE Veterinary PET Imaging

LONGMILE Veterinary Imaging is the veterinary division of Brain Biosciences, Inc. (Rockville, Maryland, USA). LONGMILE’s goal is to deliver the power of Position Emission Tomography (PET) to both the equine and companion animal veterinary market by delivering PET imaging devices that meet the unique needs of this specialist imaging market. The πPET® is a high-resolution animal PET imaging system optimised for companion animals and equine veterinary use. The MILE-PET® is the first device for PET imaging of limbs of standing horses without anaesthesia. For more information visit: <https://www.longmilevet.com/>

Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the “U.S. Securities Act”), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, unless the securities have been registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. None of the technologies or assets described in this document have received a marketing authorisation in any jurisdiction. This announcement has been authorised for release by the Board of Factor Therapeutics Limited.