



DexTech

Know-how in Translational Research

Press release 2021-11-08

DexTech Medical AB, 556664-6203

The Board of Directors of DexTech proposes a rights issue of approx. MSEK 58.2 in order to further develop the project with multiple myeloma to clinical research and further verify OsteoDex's value

The Board of Directors of DexTech Medical AB ("DexTech" or the "Company") has today decided to convene an Extraordinary General Meeting on November 25, 2021, with a proposal for a new share issue of approximately SEK 58.2 million with preferential rights for existing shareholders (the "Rights Issue"). The public is also given the opportunity to participate. The Rights Issue is covered to approximately 80 percent by subscription commitments and guarantee commitments. Notice of the General Meeting is published through a separate press release.

Background and motives for the Rights Issue

DexTech's primary drug candidate OsteoDex, for the treatment of skeletal metastases in prostate cancer, mCRPC, has been studied in a phase II clinical study with good results. There are significant similarities between bone metastases from mCRPC and multiple myeloma, such as growth site, bone breakdown, and stimulation from osteoclasts. These similarities have justified DexTech's studies of the effects of OsteoDex on multiple myeloma. In extensive preclinical studies conducted at Karolinska Institutet in Stockholm, the Company has shown that OsteoDex has a very significant tumor cell killing effect that has been demonstrated on different tumor cell lines with multiple myeloma. OsteoDex shows a strong effect at low concentrations.

The market for the new indication is estimated to be twice as large as for mCRPC and is expected to reach approximately USD 31 billion in 2026. The Company's primary goal is to enter into an agreement with a licensee regarding OsteoDex. The stakeholders for OsteoDex are large organizations, which means a sluggishness regarding the timing of the negotiation process. This inertia, together with the great values to be negotiated and legally regulated by both parties, means that it is a time-consuming work that must be done before a license agreement is in place. Given the market size of multiple myeloma and the potential shown by OsteoDex in preclinical studies, the Board considers it a top priority to collect complementary/confirmatory clinical data. The Company therefore intends to conduct a clinical study, which is estimated to include approximately 20 patients and last approximately two years from the start of the study. However, since the study is unblinded, the Company will be able to communicate part-time results during the study. The aim is for the study to provide proof of concept and thereby further verify osteodex's great value as a potential cancer drug.¹

It is the Board's view that complementary positive results will strengthen the possibilities for a favorable OsteoDex CRPC license agreement and thus reflect the true value of OsteoDex. DexTech will thus not enter into a license agreement that does not also reflect OsteoDex's potential for multiple myeloma.

According to the Board's assessment, the existing working capital is not sufficient for the current needs of the above future plans for the 12 months ahead. To meet the capital requirement, DexTech is now planning a rights issue of approximately SEK 58.2 million (before issue-related costs) in order to further develop the project of multiple myeloma for clinical research. The issue costs for the Rights Issue amount (including cost attributable to guarantee remuneration and marketing) to approximately SEK 10.2 million (of which approximately SEK 4.7 million relates to guarantee remuneration). With net financing totalling approximately SEK 48 million from the Rights Issue, the Company intends to finance the following activities (arranged by priority):

¹ [Fortune Business Insights, Multiple Myeloma Market Size, Share & Industry Analysis, by Drug Class \(Immunomodulators, Proteasome Inhibitor, Anti-CD38 Monoclonal Antibody, Alkylating Agents, and Others\), By Distribution Channel \(Hospital Pharmacies, Retail Pharmacies & Drug Stores, Online Pharmacies\), and Regional Forecast, 2019-2026. Pune: Fortune Business Insights, 2020](#)

- CRO costs – about 53 percent
- Production costs – about 15 percent
- Hospital/patient costs – about 13 percent
- Current operating costs – approximately 11 percent
- Batch analysis costs - about 5 percent
- Transport costs – about 3 percent

The myeloma results that we communicated at the end of the summer are very important for our business opportunities and should therefore be developed in a clinical study. We believe that the strategy, in which we proceed with clinical trials in multiple myeloma, increases our chances of a strong license deal for OsteoDex. We are now preparing for a rights issue, in order to allow all loyal shareholders to continue to participate in our exciting development going forward," says CEO Anders R Holmberg.

Summary offer

- **Subscription period:** 8-22 December 2021.
- **Issue price:** SEK 13.00 per share.
- **Offer re-encompassing:** The offer comprises a maximum of 4,476,141 shares, corresponding to approximately SEK 58.2 million.
- **Record date and preferential rights:** Those who on the record date 3 December 2021 are registered as shareholders in DexTech have preferential rights to subscribe for shares in the current rights issue. For each existing share, one (1) subscription right is granted. Ten (10) subscription rights entitle to subscription of three (3) new shares. The last day of trading in the share including the right to receive subscription rights is 1 December 2021. The first day of trading in the share excluding the right to receive subscription rights is 2 December 2021.
- **Number of shares before new share issue:** 14,920,478 shares.
- **Valuation (pre-money) in current offer:** Approximately SEK 194 million.
- **Subscription commitments and guarantee subscription:** The Company has received subscription commitments and guarantee commitments corresponding to a total of approximately 80 percent of the issue volume.
- **Trading in subscription rights:** Trading in subscription rights will take place on Spotlight Stock Market during the period 8-17 December 2021.
- **Trading in BTA:** Trading in BTA (Paid Subscribed Share) will take place on Spotlight Stock Market from 8 December 2021 and last until the Swedish Companies Registration Office has registered the Rights Issue. This registration is expected to take place in mid-January 2022.
- **Dilution:** In the case of a fully subscribed new share issue, the number of shares increases by 4,476,141, which corresponds to a maximum dilution of 23 percent of votes and capital for existing shareholders who do not subscribe for shares in the Rights Issue.

Subscription commitments and guarantee commitments

DexTech has received subscription commitments and guarantee commitments from external investors totalling approximately SEK 46.6 million, which corresponds to approximately 80 percent of the Rights Issue. The subscription commitments correspond to approximately SEK 250 thousand (approximately 0.4 percent) and the guarantee commitments correspond to approximately SEK 46.4 million (approximately 79.6 percent). A cash premium of 10 per cent is payable for the guarantee commitments issued.

Prospectus, teaser and registration form

Prospectuses, teasers and registration forms will be available through the Company's (www.dextechmedical.com) and Sedermera Fondkommission's (www.sedermera.se) respective websites no later than the start of the subscription period.

Advisor

In connection with the Rights Issue, DexTech has engaged Sedermera Fondkommission as financial advisor, Markets & Corporate Law Nordic AB as legal advisor, and Nordic Issuing as an issuing agent. Shark Communication AB has assisted the Company with communication advice.

For further information about the Rights Issue, please contact:

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This information is information that DexTech Medical AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person above, on 8 November 2021.

DexTech Medical AB is a Swedish research company that has developed four drug candidates that are protected by patents based on its technology platform. The main candidate is OsteoDex for the treatment of castration-resistant prostate cancer (CRPC) with skeletal metastases. A successful phase II clinical trial has been conducted with OsteoDex where the results show high tolerability with mild side effects as well as treatment effect in patients who fail existing drugs. DexTech's goal is to outlicense each drug candidate no later than after the completed Phase II study. DexTech Medical AB is listed on Spotlight Stock Market.