



Epichem Final Loan Repayment Milestone for New Laboratory

2 July 2019 – Perth, Australia: PharmAust Ltd (ASX:PAA), a clinical-stage oncology company, is pleased to announce that its Perth-based synthetic and medicinal chemistry subsidiary Epichem has paid off its debt liability on time for a major laboratory expansion undertaken in 2015.

Founded in 2003, and with customers in over 35 countries, Epichem's growth trajectory in 2015 was constrained by a laboratory running at full capacity. Supported by a \$750,000 Export Contract Loan from Export Finance Australia and with assistance from parent company PharmAust, new premises were found and a state-of-the-art laboratory constructed. Epichem made its final loan re-payment to Export Finance Australia last month on this laboratory.

Epichem CEO Dr Martine Keenan said, "It's a tremendous achievement for Epichem and our terrific staff. Many thanks to Export Finance Australia for supporting us. We couldn't have done it without them, or our parent company PharmAust, who have also assisted throughout this development phase."

Epichem subsequently constructed a second laboratory at the Technology Park site to keep up with customer demand, once again with the support of Export Finance Australia, which provided a further \$466,000 loan, and with assistance from PharmAust. Repayment of the second Export Finance Australia loan is already 40% complete, with remaining payments concluding in August 2021. In late 2018, the company held a celebratory event to officially open the second laboratory and dedicated it to two local chemistry professors from the University of Western Australia.

With two major investments fuelling growth, Epichem's revenues have made a significant upturn over the period 2015 to 2018, increasing 38% to \$3.02 million in FY18, and forecast to exceed \$3.7 million in FY19. Budgeted revenues for FY20 are \$4.2 million (subject to continuation of existing contracts).

With the first Export Finance Australia loan facility repaid the money saved on interest and principal will go straight to improving the bottom line. The new laboratories have provided jobs for an additional 10 employees making Epichem one of Australia's top employers of PhD educated individuals in the medical science and technology SME sector.

"I think the best is yet to come for Epichem. With our second laboratory now operational and fully occupied we have the infrastructure to support growth in all of our business areas," said Dr Keenan.

PharmAust Chairman Dr Roger Aston commented, "It is a major accomplishment for the company. Epichem's global competitiveness has been boosted with the investment in cutting-edge laboratories, growth in workforce and the recently attained ISO quality accreditations. With the primary loan repaid and positive revenue trajectory, we look forward to further growth at Epichem."



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About PharmAust (PAA):

PAA is a clinical-stage company developing targeted cancer therapeutics for humans and animals. The company specialises in repurposing marketed drugs lowering the risks and costs of development. PAA's subsidiary, Epichem, is a successful contract medicinal chemistry company that generated \$3m revenues in FY2018.

PAA's lead drug candidate is monepantel (MPL), a novel, potent and safe inhibitor of the mTOR pathway – a key driver of cancer. MPL has been evaluated in Phase 1 clinical trials in humans and dogs; was well tolerated and produced a significant reduction in key prognostic biomarkers. PAA is uniquely positioned to commercialise MPL for treatment of human and veterinary cancers as it advances the drug to Phase 2 clinical trials.

About Epichem:

Epichem is a wholly owned subsidiary of the ASX listed company PharmAust Limited. Located in Technology Park, Western Australia, Epichem has been delivering products and services in synthetic and medicinal chemistry to the global drug discovery and pharmaceutical industries in over 35 countries worldwide for over 15 years. Epichem has newly constructed state-of-the-art laboratories and has world class equipment and expertise in synthetic and medicinal chemistry for the cost-effective synthesis of drug analogue libraries and intermediates. It also has a rapidly growing catalogue of pharmaceutical reference standards. More information at www.epichem.com.au