



Biotech Daily

Monday April 8, 2019

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: AVITA UP 29%, VOLPARA 21%; ONCOSIL DOWN 9%**
- * **VOLPARA: 2019 'ANNUAL RECURRING REVENUE' UP 85%**
- * **GENETIC TECHNOLOGIES, TGEN DEVELOP RISK TESTS**
- * **DORSAVI WINS \$540k UK MYVISAFE CONTRACT**
- * **NOVITA, TALI, CARESTARTER PARTNER FOR AUTISM, ADHD**
- * **REVA \$5.35m GOLDMAN SACHS LOAN, \$1.1m FEES**
- * **THC SHARE PLAN AHEAD OF FINAL MARIJUANA LICENCE**
- * **NOXOPHARM TO RELEASE 31m VOLUNTARY ESCROW SHARES**
- * **KARST PEAK, ADAM LEITZES REDUCE TO 14.5% IN AVITA**
- * **GED WALLACE REPLACES ELLEX CEO TOM SPURLING, ON \$320k**
- * **SOMNOMED APPOINTS HERVÉ FIÉVET CFO**

MARKET REPORT

The Australian stock market was up 0.65 percent on Monday April 8, 2019, with the ASX200 up 40.1 points to 6,221.4 points. Twenty-one of the Biotech Daily Top 40 stocks were up, 11 fell, three traded unchanged and five were untraded. All three Big Caps rose.

Avita was the best on 10 presentations to the American Burns Association, up 9.5 cents or 29.2 percent to 42 cents, with 42.5 million shares traded, followed by Volpara up 21.1 percent to \$1.75 with 3.2 million shares traded. Antisense climbed 16.2 percent; Prescient was up 15.6 percent; Genetic Signatures and Prana improved more than nine percent; Benitec was up 7.7 percent; Mesoblast and Polynovo were up more than five percent; Impedimed, Kazia, LBT and Patrys improved more than four percent; Ellex and Immutep were up more than three percent; Clinuvel, CSL, Nanosonics, Pro Medicus, Resmed and Telix rose more than one percent; with Cochlear, Paradigm and Starpharma up by less than one percent.

Oncosil led the falls, down half a cent or 8.9 percent to 5.1 cents, with 4.3 million shares traded. Orthocell, Pharmaxis and Proteomics lost more than three percent; Medical Developments, Neuren, Optiscan and Universal Biosensors shed more than two percent; with Actinogen, Cynata and Dimerix down more than one percent.

VOLPARA HEALTH TECHNOLOGIES

Volpara says that annual recurring revenue from its breast cancer diagnostics for the year to March 31, 2019 “has exceeded its market guidance” of 85 percent growth.

Volpara said that it had reached coverage of 7.1 percent of women screened in the US with its annual recurring revenue for the 12 months to March 31 was up 85.7 percent to \$NZ6,630,000 (\$A6,290,680), compared to NZ\$3,570,000 in the previous corresponding period.

The company said that total contract value for the 12 months was up 42 percent to \$NZ15.8 million, with 128 Volpara Enterprise contracts signed at March 31, 2019 compared to 57 in the previous year, along with the first sales of the new Volpara Live! System.

Volpara chief executive officer Dr Ralph Highnam said the year to March 31, 2019 “ended very strongly indeed with our first \$NZ1 million order, our first \$NZ1 million [annual recurring revenue] quarter and the signing of a number of prestigious clinics, including I-Med Radiology Network in Australia, all of which was capped off by the [US Food and Drug Administration] proposal to require that every US woman be notified of her breast density”.

“It all bodes well for future growth,” Dr Highnam said.

“We exceeded our prior guidance; furthermore, having over seven percent of US women now under contract provides an astonishing amount of data for applying serious [artificial intelligence] to enable better regulatory reporting ... and even better breast care outcomes for women,” Dr Highnam said.

Volpara said that details for the financial year to March 31, 2019 would be released in the Appendix 4C quarterly report at the end of April and the full year report by June 2019.

Volpara climbed 30.5 cents or 21.1 percent to \$1.75 with 3.2 million shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies says it will collaborate with the Phoenix, Arizona-based Translational Genomics Research Institute to develop polygenic risk tests.

Genetic Technologies said it had a confidential memorandum of understanding with the Translational Genomics Research Institute (TGen) to develop a suite of polygenic risk tests for the US market and establish any fund-raising mechanisms to do so.

The company said the Institute was affiliated with the Duarte, California-based City of Hope research and treatment center for cancer, diabetes and other diseases.

Genetic Technologies said that infrastructure development would include the establishment of a co-managed US laboratory and provision of the new test portfolio to a US health provider.

Genetic Technologies executive chairman Dr Paul Kasian said the US laboratory would offer his company’s existing and future tests.

“This will include oncology polygenic risk tests for breast cancer, colorectal cancer, prostate cancer and melanoma,” Dr Kasian said.

“Other tests will also be considered over time,” Dr Kasian said.

“The non-oncology tests to be offered will include cardiovascular disease and diabetes,” Dr Kasian said.

Translational Genomics Research Institute Prof David Duggan said that the portfolio of polygenic risk tests developed by Genetic Technologies “opens a new pathway for helping individuals make informed decisions when it comes to improved personal health and prevention”.

Genetic Technologies was unchanged at 0.7 cents with 40.4 million shares traded.

DORSAVI

Dorsavi says it has a GBP293,760 (\$A539,773) three-year purchase order for 64 Myvisafe kits from an unnamed UK transport infrastructure organization.

Dorsavi said that it had received a purchase order and a signed contract from UK distributor ASM Technologies, for the Myvisafe wearable body movement sensor technology, which had been invoiced for the full amount which would be paid up-front. The company said that the unnamed UK Transport organization would use Myvisafe “to support its efforts in self-managing manual handling risks in the field and facilitating changes in manual handling behaviors among their workforce”.

Dorsavi said the revenue would be recognized in 36 equal monthly instalments of GBP8,160 with the first instalment to be recognized on delivery of the Myvisafe kits by June 30, 2019.

Dorsavi chief executive officer Dr Andrew Ronchi said the contract was “our largest rollout of Myvisafe to a single organization to date and I’m delighted to see Myvisafe being incorporated into this large-scale workplace safety program”.

“The Myvisafe product has been built as a scalable solution for small, medium and large organizations to self-manage manual handling injuries and aligns well with Dorsavi’s strategy to build recurring revenue,” Dr Ronchi said.

Dorsavi was up 0.3 cents or 7.5 percent to 4.3 cents.

NOVITA HEALTHCARE

Novita says it has a partnership with the Austin, Texas-based Carestarter for its wholly-owned subsidiary Tali for paediatric attention difficulty assessment and training.

Novita said that Carestarter was a venture capital-backed technology platform designed to automate and scale paediatric care management.

The company said that the Carestarter platform was launched in Texas and was “being scaled nationally in the US with approximately 25,000 families currently registered and using the service that fit the Tali demographic”.

Novita said that Carestarter was suitable for the Star Kids Texas Medicaid managed care program providing Medicaid benefits to children and adults 20 years and younger who have disabilities.

The company said that its Tali Train had been added to the Carestarter platform to allow healthcare professionals and parents to access information about the program and purchase the program in line with their relevant insurance, health coverage plan or as a direct out of pocket purchase.

Novita said that Tali would be promoted as “a core partner of Carestarter, further driving the awareness and recognition campaign in the US market for Tali”.

The company said that one child in every 59 children in the US had some form of autism spectrum disorder and 6.1 million children under the age of 17 years had attention deficit hyperactivity disorder.

Novita managing-director Glenn Smith said the partnership “provides a trusted channel partner in the US healthcare sector for Tali Train”.

“In the first phase of the partnership Tali will be able to be accessed by the tens of thousands of children suitable for Tali that Carestarter currently services in Texas,” Mr Smith said.

Novita was untraded at 1.6 cents.

REVA MEDICAL

Reva says it has a \$US3.8 million (\$A5.35 million) loan “to fund operations on an interim basis” of which about \$US800,000 (\$A1.13 million) will be paid in fees.

Reva said that the funding, from unnamed clients of Goldman Sachs, was “a multi-draw term loan and has been made available by existing lenders to the company”.

The company said it was “in discussions about a broader restructure to address [its] outstanding indebtedness and capital structure” and the voluntary suspension would continue until a broader restructure was finalized expected by June 30, 2019.

Reva said that it had amended its 2010 licence with Rutgers University, the State University of New Jersey, related to the composition and coating of its bioresorbable scaffolds and other biomaterial products.

The company said that the amendment reduced the change of control payment provision to up to four percent of the total purchase price plus an additional four percent of amounts received above actual debt repayment to its creditors and the change of control payment would not exceed \$US10 million.

Reva was in a suspension and last trade at 17 cents.

THC (THE HYDROPONICS COMPANY) GLOBAL

THC says it will offer a share purchase plan at 50 cents a share, a 14.6 percent discount to the 5-day volume-weighted average price to April 4, 2019.

THC did not disclose how much it hoped to raise in the offer, but the company’s annual report said that at March 25, 2019 it had 6,196 shareholders, each entitled to apply for up to \$15,000 in shares in the plan, or a maximum total of \$92,940,000.

The company said the share plan record date was April 4, the plan would open on April 9 and close on April 26, 2019.

THC did not state the use of the funds but chairman Steven Xu said the company was offering shareholders the opportunity to purchase shares ahead of “the expected final licencing required to transition into full-scale medicinal cannabis production”.

THC fell five cents or 8.8 percent to 52 cents.

NOXOPHARM

Noxopharm says that 31,027,568 shares and 12,075,000 options held in voluntary escrow will be released on May 8, 2019.

Noxopharm said the shares and options were held by related parties of founder and chief executive officer Dr Graham Kelly and the shares were about 25.4 percent of the shares on issue, were not currently quoted on the ASX and quotation would be sought.

The company’s most recent Appendix 3B new issue announcement said that Noxopharm had 91,573,825 shares quoted on the ASX, meaning that following the release from escrow and quotation there would be 122,601,393 shares available for trading.

Noxopharm fell two cents or five percent to 38 cents.

AVITA MEDICAL

Karst Peak Capital and Adam Leitzes say they have reduced in Avita from 290,226,056 shares (15.57%) to 269,797,825 (14.47%).

Karst Peak said the shares were sold between March 26 and April 1 with prices ranging from 26.5 cents to 29.25 cents share.

Avita was up 9.5 cents or 29.2 percent to 42 cents with 42.5 million shares traded.

ELLEX MEDICAL LASERS

Ellex says it has appointed Gerard (Ged) Wallace as chief executive officer on a base salary of \$320,000 a year, replacing Tom Spurling, effective from today.

Ellex said that Mr Spurling had resigned, effective from April 5, and would “continue to contribute to the company as a consultant as part of the 2RT market development team”.

The company said that Mr Wallace had medical device experience as an executive in the Asia Pacific, Europe and the Middle East and was formerly Boston Scientific head of Europe, the Middle East and Africa.

Ellex said that previously Mr Wallace was Baxter International’s president of Asia and China and Cathrx head of commercialization and was currently a non-executive director at Cipher Surgical.

Ellex chairman Victor Previn thanked Mr Spurling for “his eight years of service to the company and its shareholders”.

“Tom’s achievements are numerous, and include the acquisition of Iscience Interventional in late 2014 which has transformed our business, given the growth achieved with Ellex Itrack as the cornerstone product of that transaction,” Mr Previn said.

The company said that Mr Wallace would be paid a base salary of \$320,000 a year, excluding superannuation and would be entitled to a short-term incentive of up to 40 percent of his base salary and a long-term incentive of 3.2 million options vested over four years.

Ellex was up two cents or 3.3 percent to 63 cents.

SOMNOMED

Somnomed says it has appointed Hervé Fiévet as chief financial officer, effective from today.

Somnomed said Mr Fiévet, previously worked for the Paris-based Sogefi Group’s as the aftermarket division business unit finance leader until 2012.

The company said that since 2013 Mr Fiévet worked at Baxter IP and French pharmaceutical company Pierre Fabre.

Somnomed said Mr Fiévet had experience in managing finance, information technology, supply chains, global purchasing, legal affairs and human resources.

The company said Mr Fiévet had taken over the role from Neil Verdal-Austin who was appointed chief executive officer after 10 years as Somnomed’s chief financial officer in November last year (BD: Nov 19, 2018.)

Somnomed was unchanged at \$1.75.