



Biotech Daily

Tuesday December 3, 2019

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: RESONANCE UP 10.5%; AVITA DOWN 9.45%**
- * **MACH7 PLACEMENT FOR \$20m**
- * **DIMERIX PLACEMENT RAISES \$2.5m**
- * **USCOM COMMISSIONS 28 US SALES STAFF**
- * **PAINCHEK 1,000 BED LICENCE WITH PCS UK, 30 BED SALE**
- * **NEUREN NNZ-2591 NEURODEVELOPMENT EU PATENT**
- * **ELIXINOL SELLS ELIXINOL JAPAN FOR \$346k AFTER NON-COMPLIANCE**
- * **IRELAND APPROVES MGC MARIJUANA CANNEPIL**
- * **VIBURNUM TAKES 19% OF UNIVERSAL BIOSENSORS**
- * **CREDIT SUISSE TAKES 10% OF PRESCIENT**
- * **AUSTRALIAN LAND, DIRECTOR ALAN TRIBE TAKE 27% OF PYC**
- * **PYC DIRECTOR DR BERNARD HOCKINGS INCREASES, DILUTED TO 13%**
- * **KEMPER SHAW DILUTED TO 6% IN IMAGION**
- * **MERCHANT FUNDS BELOW 5% IN RHYTHM**
- * **NOXOPHARM EXTENDS LIND, CST EQUITY-DRAW-DOWN FACILITY**

MARKET REPORT

The Australian stock market tumbled 2.19 percent on Tuesday December 3, 2019, with the ASX200 down 150.0 points to 6,712.3 points. Just four Biotech Daily Top 40 stocks were up, 27 fell, six traded unchanged and three were untraded. All three Big Caps fell.

Resonance was the best of the few, up two cents or 10.5 percent to 21 cents, with 1.2 million shares traded. Universal Biosensors climbed five percent; Antisense improved 4.05 percent; with Opthea up 2.85 percent.

Avita led the falls, down six cents or 9.45 percent to 57.5 cents, with 18.2 million shares traded. Cyclopharm and LBT lost more than eight percent; both Dimerix and Proteomics retreated 7.7 percent; Optiscan was down 6.8 percent; Kazia, Next Science and Paradigm fell five percent or more; Cynata was down 4.1 percent; Nanosonics, Polynovo, Pro Medicus, Starpharma and Uscom were down more than three percent; Amplia, Actinogen, Cochlear, CSL, Imugene, Oncosil, Osprey and Volpara shed two percent or more; Clinuvel, Genetic Signatures, Resmed and Telix were down more than one percent; with Medical Developments, Mesoblast and Neuren down by less than one percent.

MACH7 TECHNOLOGIES

Mach7 said it has commitments “well in excess of \$20 million” in a placement at 62 cents a share to institutional and sophisticated investors and broker retail networks.

Mach7 said the share price was a 9.2 percent discount to the 5-day volume weighted average and a 10.8 percent discount to the closing price on November 29, 2019.

The company said the funds would accelerate its commercial strategy in the enterprise imaging market through the acquisition of complementary technologies as well as investment in sales, marketing and product development.

Mach7 fell 3.5 cents or five percent to 66 cents.

DIMERIX

Dimerix says it has raised \$2.5 million in a placement at 11 cents a share to new and existing sophisticated and professional investors.

Dimerix said the funds would be used to progress DMX-700 for chronic obstructive pulmonary disease towards in-vivo proof-of-concept studies, along with initial studies into additional pipeline candidates, general working capital and corporate costs.

Dimerix fell one cent or 7.7 percent to 12 cents with 2.2 million shares traded.

USCOM

Uscom says it has commissioned 28 sales staff from four different major distributor networks with access to 75 percent of the US for its products.

Uscom said the new staff would sell Uscom products at no base cost and sales would begin with the Uscom 1A for cardiovascular monitoring and progress to the Uscom BP+ blood pressure monitors and the Spirosonic digital multi-path ultrasonic spirometers.

“The new model involves Uscom US providing direct incentives to dealers via a national network of established regional distributors and is targeted to increase market penetration into the complex, expensive and opaque US medical market,” the company said.

Uscom executive chairman Prof Rob Phillips said that his company’s devices had been “widely adopted by US clinical leaders and centres of excellence” but sales were elusive.

“This new model significantly changes our operations in the US with revenue anticipated to grow incrementally, and comes following the expansion of our European sales operations last month,” Prof Phillips.

Uscom fell half a cent or 3.85 percent to 12.5 cents.

PAINCHEK

Painchek says it has a 1,000-bed yearly licence with Person Centered Software UK, and a 30-bed direct sale for its smart phone pain assessment and monitoring device.

Painchek said that Person Centered Software (PCS) were marketing Painchek to its client base of 1,500 aged care homes with more than 55,000 combined residential beds.

The company said the collaboration with PCS would provide access to 1,500 aged care homes and a high proportion had adopted care planning technology.

Painchek said it had made a direct sale to an unnamed 30-bed dementia-specific aged care centre and it would work with a Care Quality Commission-rated dementia focused care home-based near Manchester to progress direct selling.

Painchek said the unnamed Manchester group would “host other aged care visitors on a monthly basis to demonstrate the benefits the Painchek pain assessment tool”.

Painchek was up half a cent or 2.4 percent to 21.5 cents with 14.1 million shares traded.

NEUREN PHARMACEUTICALS

Neuren says the European Patent Office has allowed a patent covering its NNZ-2591 for the treatment of autism spectrum disorder and neuro-developmental disorders.

Neuren said the patent, titled 'Neuroprotective bicyclic compounds and methods for their use in treating autism spectrum disorders and neurodevelopmental disorders' would provide intellectual property protection until July 2034.

The company said patents under the same title had been granted in Japan and the US. In October, Neuren said the US Food and Drug Administration had granted orphan drug designation status to NNZ-2591 for Phelan-McDermid, Pitt Hopkins and Angelman syndromes after pre-clinical trials of NNZ-2591 in mouse models showed potential efficacy for the syndromes (BD: Feb 18, May 17, Oct 11, 16, 2019).

Today, the company said it was "undertaking the manufacturing development and non-clinical studies required before submitting an investigational new drug application to the FDA and commencing clinical trials in 2020".

Neuren fell two cents or 0.8 percent to \$2.45.

ELIXINOL GLOBAL

Elixinol says that it will sell its 50.5 percent of Elixinol Japan to Takeshi Sakurada for about \$346,000, following an investigation into non-compliant products.

In October, Elixinol said it was investigating non-compliant marijuana-derived cannabidiol products sold by Elixinol Japan which related to the strict requirements in Japan on sourcing cannabidiol from only hemp stalk and seed (BD: Oct 23, 2019).

Today, the company said that Mr Sakurada would purchase the majority holding of Elixinol Japan for \$13,500 upfront and a further cash payment by March 31, 2020 of "\$362,715 multiplied by the ratio of the closing price of Elixinol Global shares on January 8, 2020 divided by \$1.09".

Elixinol said the formula would allow for the value of Elixinol Japan to be determined after the release of escrow shares.

The company said the sale would include a non-exclusive licence, business operational training and a 3.0 percent royalty payment of Elixinol Japan's gross sales.

Elixinol said that "the net profit impact of the sale of Elixinol Japan on the company [was] expected to be a loss of \$2.2 million".

Elixinol chairman Andrew Duff that the company "made an important decision to move to a licencing model for Japan and to press ahead with our growth priorities in our key markets".

Elixinol fell 1.5 cents or 1.5 percent to \$1.015.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says the Irish Ministry of Health has approved the sale of its cannabinoid-based Cannepil for drug resistant epilepsy.

MGC said that Irish doctors "were already in contact with MGC Pharma's distributor to prescribe [the] first patients".

MGC managing-director Roby Zomer said the Irish approval could be a catalyst for follow-on approval applications in other European Union member states.

"With distribution agreements already in place across Europe, we are well positioned for a quick entry to these markets following receipt of the required approvals," Mr Zomer said.

MGC was up 0.1 cents or three percent to 3.4 cents with 2.5 million shares traded.

UNIVERSAL BIOSENSORS

Viburnum Funds says it has increased its substantial shareholding in Universal Biosensors from 33,710,445 shares (19.01%) to 36,636,061 shares (20.65%). The Perth-based Viburnum said that between November 13 and December 2, 2019 it bought 2,925,616 Chess depositary interests (CDIs) for \$573,256 or 19.6 cents each. Universal Biosensors was up one cent or five percent to 21 cents.

PRESCIENT THERAPEUTICS

Credit Suisse Holdings says it has become a substantial shareholder in Prescient with 20,381,315 shares or 5.17 percent.

The Sydney-based Credit Suisse said that between August 1 and November 28, 2019 it bought and sold shares in more than 80 transactions, with the single largest purchase 1,753,500 shares for \$153,260 or 8.74 cents a share.

Prescient was unchanged at 8.3 cents with 17.75 million shares traded.

PYC THERAPEUTICS (FORMERLY PHYLOGICA)

PYC director Alan Tribe and Australian Land say they have increased their substantial holding PYC from 671,479,497 shares (24.84%) to 794,663,760 shares (27.11%).

The substantial shareholder notice signed by Mr Tribe said that on November 28, 2019, Australian Land subsidiaries Delarge Investments, Runcton, Paghams, and Stockbridge Corp bought 123,184,263 shares for \$6,775,134 or 5.5 cents each.

Last month, Phylogica said its fully-underwritten retail rights offer at 5.5 cents a share raised \$5,262,055, with a \$7,270,134 shortfall, which would be allocated to Australian Land, with the total raised of \$26.8 million (BD: Nov 21, 2019).

PYC fell 0.1 cents or 1.7 percent to 5.9 cents.

PYC THERAPEUTICS (FORMERLY PHYLOGICA)

PYC director Dr Bernard Hockings says he has increased but been diluted in the company from 351,257,519 shares (13.0%) to 351,559,571 shares (11.98%).

Dr Hockings said that on November 25, 2019 he bought 302,052 shares for \$16,613 or 5.5 cents, and was diluted in the company's retail rights issue.

Last week, PYC said it had raised \$5,262,055 in a fully underwritten retail rights issue, with a \$7,270,134 shortfall, following a \$14.3 million institutional offer, for a total raised of \$26.8 million (BD: Nov 21, 2019).

IMAGION BIOSYSTEMS

The Sydney-based Kemper Shaw says his 31,789,818 share-holding in Imagination has been diluted from 9.82 percent to 6.25 percent.

Last month, Imagination said it raised \$3.6 million in a one-for-one rights issue at two cents a share (BD: Nov 22, 2019).

Imagination fell 0.2 cents or 10 percent to 1.8 cents with 2.8 million shares traded.

RHYTHM BIOSCIENCES

The Perth-based Merchant Funds Management says it has reduced has ceased its substantial shareholding in Rhythm.

Merchant Funds said that between October 23 and November 28, 2019 it sold 402,395 shares for \$65,652 or an average of 16.32 cents a share.

In October, Merchant Funds said it held 5,347,636 shares or 5.31 percent of the company.

Last month, Biotech Daily calculated that Rhythm had 100,750,000 on offer following the release of escrow shares, which meant that Merchant's remaining 4,945,241 shares were 4.91 percent pf the company (BD: Nov 18, 2019).

Rhythm was unchanged at 14.5 cents.

NOXOPHARM

Noxopharm says it has a \$2,400,000 extension to its \$4,560,000 convertible security with New York's Lind Partners and Toronto's CST Investment Funds.

In July, Noxopharm says it had up to \$26 million in equity draw down facilities including a \$4,560,000 convertible security with a six-month lock up and \$22,200,000 in placements over 12 months (BD: Jul 19, 2019).

Today, the company said the extension would be used to fund a small study in healthy volunteers required by the US Food and Drug Administration for its planned investigational new drug application for its direct and abscopal response to radiotherapy-2 (Darrt-2) and Darrt-3 clinical trials.

Noxopharm said it had paid \$1.8 million of the original convertible security agreement.

The company said that as part of the funding increase, Lind and CST would be paid commitment fees of \$70,000, granted a total of 2,666,666 options exercisable at 32.5 cents each and had issued 1,500,000 collateral shares to be credited or returned at the end of the agreement.

Noxopharm fell two cents or 5.4 percent to 35 cents.