



Biotech Daily

Tuesday February 18, 2020

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: ANTISENSE UP 10%; ALTERITY DOWN 10.5%**
- * **COCHLEAR H1 REVENUE UP 9% TO \$778m, PROFIT UP 23% TO \$158m**
- * **SOMNOMED H1 REVENUE UP 15% TO \$33m, LOSS TO \$816k PROFIT**
- * **PARADIGM DOSES 1st US ZILOSUL ACCESS PATIENT**
- * **RESAPP COMPLETES HANDHELD, WEARABLE PROTOTYPES TESTS**
- * **BIO-MELBOURNE LOSES CEO DR JULIE-ANN WHITE**
- * **OBJ VOTES FOR 'WELFULLY' BACK DOOR LISTING**
- * **NOXOPHARM, GENESIS CARE VEYONDA COMPASSIONATE ACCESS**
- * **AUSCANN TESTS LOW-DOSE CANNABINOID CAPSULES**
- * **BOD FILLS 2k MEDICABILIS MARIJUANA SCRIPTS IN 12 MONTHS**
- * **BLACKCRANE REDUCES TO 8% OF AVITA**
- * **BV HEALTHCARE, EX-CHAIR DAMIEN LIM BELOW 5% IN MACH7**
- * **AMBER SCHWARZ, JAMBER TAKE 11% OF CRESO**
- * **ELLEX INTERIM CEO MARIA MAIELI RESIGNS**
- * **CHRIS RIDD REPLACES MEDADVISOR CHAIR PETER BENNETTO**

MARKET REPORT

The Australian stock market fell 0.16 percent on Tuesday February 18, 2020, with the ASX200 down 11.4 points to 7,113.7 points. Nine of the Biotech Daily Top 40 stocks were up, 20 fell, 10 traded unchanged and one was untraded. All three Big Caps fell.

Antisense was the best, up 0.7 cents or 9.9 percent to 7.8 cents, with 1.6 million shares traded. Imugene and Osprey improved more than six percent; Starpharma was up 4.8 percent; with Clinuvel, Ellex, Neuren, Polynovo and Telix up by less than one percent.

Alterity (Prana) led the falls, down 0.2 cents or 10.5 percent to 1.7 cents with 11,300 shares traded. Uscom lost 9.1 percent; Prescient was down 5.7 percent; Paradigm and Pro Medicus fell more than four percent; Avita, Cochlear and LBT were down more than three percent; Cynata, Nanosonics, Next Science, Oncosil, Opthea, Resonance and Volpara shed more than two percent; Cyclopharm, Genetic Signatures, Immunetp and Medical Developments were down one percent or more; with Compumedics, CSL, Mesoblast and Resmed down by less than one percent.

COCHLEAR

Cochlear says that revenue for the six months to December 31, 2019 was up 9.2 percent to \$777,600,000 with net profit after tax up 22.6 percent to \$157,700,000.

Cochlear said diluted earnings per share was up 22.4 percent to \$2.729 with net tangible assets per share up 32.4 percent to \$6.531 compared to December 31, 2017.

The company said that a fully franked interim dividend of \$1.60 a share for shareholders on the record date of March 25 would be paid on April 17, 2020 which was “an increase of three percent, representing a pay-out of 70 percent of underlying net profit”.

Cochlear said it changed the dividend policy from a target of 70 percent of net profit to 70 percent of underlying net profit, which excluded after-tax gains or losses from investments. Cochlear said research and development expenditure was up 7.0 percent to \$94,400,000 or 12.1 percent of total revenue.

The company said revenue was led by cochlear implants, up 13.5 percent to \$469.9 million, the services sector up 8.6 percent to \$225.5 million, with the acoustics division including bone conduction and acoustic implants down 9.5 percent to \$80.2 million.

Cochlear said that Americas sales revenue was up 9.0 percent to \$381.9 million, Europe, Middle East and Africa was up 5.6 percent to \$262.4 million, with the Asia Pacific up 18.0 percent to \$133.3 million.

Cochlear chief executive officer Dig Howitt said Mr Howitt said services continued “to benefit from the uptake of the Nucleus 7 sound processor albeit at a slower rate as penetration rates reach high levels across the developed markets”.

“Acoustics revenue declined by nine percent with some loss of market share from competitor product launches,” Mr Howitt said.

“The market also slowed more than expected in anticipation of the launch of the next generation bone conduction implant, the Cochlear Osia 2 System,” Mr Howitt said.

Cochlear said it expected a net profit of \$270 million to \$290 million for the year to June 30, 2020, a two to nine percent increase on underlying profit for the year to June 30, 2019.

The company said it expected “strong growth in cochlear implant units to continue across the developed markets, driven by growing uptake of the Nucleus Profile Plus Series cochlear implant and the continued investment in market awareness and access”.

Cochlear said acoustics revenue was expected to fall for the full year following a decline in the first half and while the six months to June 30, 2020 would benefit from the launch of the Osia 2 system in the US, the European launch was not expected until late 2021.

The company said it expected “an impact to sales” from the coronavirus in the second half with hospitals deferring surgeries, including cochlear implants, to limit the risk of infection.

Cochlear fell \$7.94 or 3.4 percent to \$226.62 with 204,589 shares traded.

SOMNOMED

Somnomed says revenue for the six months to December 31, 2019 was up 15.4 percent to \$33,256,375, turning the previous loss into a net profit after tax of \$815,637.

Somnomed said revenue was from sales of its devices for the treatment of obstructive sleep apnoea in Europe, North America and the Asia Pacific, with revenues boosted by the recently launched digitally produced Somnodent Avant appliance for snoring.

The company said diluted earnings per share was up to 1.23 cents for the six months to December 31, 2019 from a loss of 21.39 cents in the previous corresponding period, with net tangible assets backing per share down from 18.08 cents to 6.94 cents

Somnomed said it had cash and cash equivalents of \$8,897,005 at December 31, 2019, compared to \$8,513,399 at December 31, 2018.

Somnomed was up three cents or 0.9 percent to \$3.32.

[PARADIGM BIOPHARMACEUTICALS](#)

Paradigm says it has dosed the first of 10 patients with Zilosul for early-onset osteoarthritis under the US Food and Drug Administration expanded access program. Paradigm said that patients would receive two Zilosul injections each week for six weeks, in line with the proposed treatment protocol for Paradigm's proposed phase III pivotal study.

The company said it expected the final expanded access program patient to receive their last injection "towards the middle of May" with outcome data expected by October 2020. Paradigm chief executive officer Paul Rennie said the first patient dosing was "an important milestone for Paradigm as we continue to progress toward the commencement of the phase III Pivotal Study and commercialization of Zilosul as a potential first line treatment for knee osteoarthritis".

Paradigm fell 17 cents or 4.1 percent to \$3.95 with 1.4 million shares traded.

[RESAPP HEALTH](#)

Resapp says it has completed functional testing of both handheld and wearable device prototypes, provided by London's Avanti Med and Cambridgeshire's OSI Electronics. Last year, Resapp said it would pay up to \$2.3 million to an unnamed UK medical device consultancy to design hardware and wearable devices for its respiratory diagnostics including GBP75,000 (\$A137,157) in cash and \$250,000 in shares, along with \$500,000 in cash or shares for each of three milestones: the delivery of functional prototypes, delivery of the final designs and CE mark approval (BD: May 29, 2019)

Today, Resapp said the devices expanded its product portfolio to address specific use cases, with the Android-based, ruggedized handheld device a low-cost option, complementary to smartphones, for using its respiratory disease diagnosis applications in specific clinical environments.

The company said that the handheld device had a high-resolution five-inch (125mm) LCD capacitive touchscreen, a high-performance quad-core ARM 64-bit processor, a high-quality microphone and a long-lasting battery for up to two days of typical use.

Resapp said the device was intended to be Conformité Européenne (CE) mark approved. The company said the wearable monitor provided an unobtrusive platform for up to three days of continuous monitoring of patients with chronic diseases such as chronic obstructive pulmonary disease and asthma.

Resapp chief executive officer Dr Tony Keating said the company was "exceptionally pleased with the performance of the first functional prototypes delivered by Avanti and OSI on schedule".

The company said that further clinical, electrical and usability evaluation was underway, with CE mark approval targeted by July 2020.

Resapp said it would make a payment of \$500,000 for each device in shares.

Resapp was unchanged at 24 cents with 1.2 million shares traded.

[BIO-MELBOURNE NETWORK](#)

The Bio-Melbourne Network says that chief executive officer Dr Julie-Anne White has given notice of her resignation.

Last year, the Network said it had appointed Dr White as its chief executive officer, effective from May 13, 2019 (BD: Apr 12, 2019).

Today, the Bio-Melbourne Network said that Dr White would assist in the transition and hand-over to an interim chief executive officer, who it expected to appoint "shortly".

OBJ

OBJ says that all resolutions relating to the backdoor listing of Wellfully were passed with about 15 percent dissent against all resolutions (BD: Nov 7, 2019).

OBJ said that following a poll of votes, opposition to the 11 resolutions ranged from 11.19 percent against the change of company name to 17.09 percent against the issue of shares to Christopher Quirk.

OBJ was in a suspension and last traded at 1.5 cents.

NOXOPHARM

Noxopharm said it will partner with Genesiscare to provide a compassionate access program to prostate cancer patients for Noxopharm's Veyonda anti-cancer drug.

Noxopharm said the Sydney-based Genesiscare would provide Veyonda, or NOX66, to advanced, treatment-resistant, metastatic prostate cancer patients being treated with the diagnostic and therapeutic lutetium-177 prostate-specific membrane antigen (Lu-PSMA) therapy.

Noxopharm chief medical officer Dr Gisela Mautner said that Veyonda might enhance the effects of treatment with Lu-PSMA in men with advanced prostate cancer.

Noxopharm was up one cent or 3.7 percent to 28 cents.

AUSCANN GROUP HOLDINGS

Auscann says it has completed the manufacturing and testing of its low-dose cannabinoid-based marijuana-derivative hard-shell capsules.

Auscann said that the Australian Therapeutic Goods Administration recommends a "start low, go slow" approach to medical marijuana dosing, for which the Auscann low-dose formulation can be used.

Auscann chief executive officer Ido Kanyon said the company had "set out to develop cannabinoid-based, controlled-dose capsules ... to enable accurate dose titration in a convenient formulation for patients and healthcare professionals".

Auscann was up three cents or 11.1 percent to 30 cents with 2.6 million shares traded.

BOD AUSTRALIA

Bod says it has filled 2,330 Medicabilis marijuana prescriptions since first sales in January 2019.

Bod said the cumulative growth in sales showed "the traction Medicabilis has achieved in Australia and how a large number of new and repeat patients are embracing the product".

The company said it expected "material growth in prescription numbers during 2020 ... given [its] pending entry into the UK market this month" and the introduction of the 2.5 percent cannabidiol and 10 percent cannabidiol Medicabilis products".

Bod said that the 2.5 percent and 10 percent isolate products would be dispensed as Schedule 4 medicines, meaning lower prescription restrictions.

Bod chief executive officer Jo Patterson said that "growth in prescription numbers for January is very encouraging and we are pleased to witness this steady increase in sales".

Bod fell half a cent or 1.8 percent to 27 cents.

AVITA MEDICAL

Blackcrane Capital says it has increased but been diluted in Avita from the equivalent of 164,724,549 shares (8.81%) to 165,187,032 shares (7.80%).

The Bellview, Washington-based Blackcrane said it bought and sold shares between June 28, 2019 and February 13, 2020, with the largest sale 5,000,000 shares for \$3,267,000 or 65.34 cents a share and the largest purchase 18,644,068 shares for \$11,000,000 or 59 cents a share, in the November placement which raised \$120 million (BD: Nov 13, 2019). Avita fell three cents or 3.55 percent to 81.5 cents with 11.4 million shares traded.

MACH7 TECHNOLOGIES

The Singapore-based BV Healthcare II Pte says it has ceased its substantial holding Mach7, selling and trading 2,673,283 shares.

BV Healthcare said it sold the shares between February 7 and 13, 2020 for prices ranging between 82.0 cents and 91.4 cents each.

In 2017, BV Healthcare, with NRF and Sagamore, said it held 113,728,985 shares or 9.62 percent of the company (BD: Jan 22, 2017).

Today, the substantial shareholder notice was signed by former Mach 7 chairman and BV Healthcare director Damien Lim.

Mach7 fell one cent or 1.2 percent to 85.5 cents.

CRESO PHARMA

Jamber Investments says it has increased its substantial shareholding in Creso from 15,825,250 shares (9.09%) to 22,635,938 shares (11.24%).

The Substantial shareholder notice, signed by Jamber director James Schwarz for the Amber Schwarz Family account, said that between February 10 and 12, 2020 it bought 500,000 shares for \$75,000 or 15 cents a share and acquired 6,310,688 "settlement shares" for no consideration.

In January, Jamber said it sold 4,544,503 shares for \$899,453 or an average of 19.8 cents a share (BD: Jan 24, 2020)

Creso was unchanged at 12 cents with 1.3 million shares traded.

ELLEX MEDICAL LASERS

Ellex says interim chief executive officer Maria Maieli has resigned, after replacing three-month chief executive officer Ged Wallace last year (BD: Jul 19, 2019).

Ellex said Ms Maieli was stepping down to spend more time with her family

The company said that Ellex executive chairman Victor Previn and head of operations Keith Byrne would "assume management responsibilities ... until the completion of the pending Lumibird transaction".

On Christmas Eve last year, Ellex said the Lannion, France-based Lumibird Group SA would pay \$100 million cash for its lasers and ultrasound business it expected to complete the transaction by April 2020 (BD: Nov 28, Dec 12, 2019; Jan 19, 2020).

Ellex was up half a cent or 0.6 percent to 83 cents.

MEDADVISOR

Medadvisor says it has appointed Chris Ridd as a non-executive director and chair replacing Peter Bennetto who continue as a non-executive director.

Medadvisor said that Mr Ridd had more than 30 years' experience in the technology sector, including 15 years at Microsoft and as Australian managing-director at accountancy firm Xero.

The company said that Mr Ridd was a director with private equity-backed technology businesses, Compass Education, Salespreso, Moula and Myprosperity.

Medadvisor fell 2.5 cents or 4.8 percent to 50 cents.