



Biotech Daily

Tuesday March 17, 2020

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP (NICELY): DIMERIX UP 16%; ALTERITY DOWN 13%**
- * **BIO-MELBOURNE COVID-19 BREAKFAST GOES VIRTUAL**
- * **US APPEAL COURT: COCHLEAR TO PAY \$437m ON PATENTS**
- * **NEUREN DEFERS PARTNERING FOR TROFINETIDE RETT RESULTS**
- * **NEXT SCIENCE: PRODUCTS 'KILL COVID-19-LIKE VIRUSES', SALES HIT**
- * **MGC SHARE PLAN RAISES \$1m OF HOPED-FOR \$3m; TOTAL \$2.1m**
- * **RECCE: RECCE-327 ANTIBIOTIC TRIAL 'THIS QUARTER'**
- * **NOXOPHARM VEYONDA AUSTRALIAN PATENT**
- * **CLIME TAKES 6% IN MACH7**
- * **INVESTORS MUTUAL REDUCES TO 8.7% OF MAYNE PHARMA**
- * **TBG UP 93%, REQUESTS 'COVID-19 DIAGNOSTIC KIT' TRADING HALT**
- * **RESPIRI REQUESTS \$2m CAPITAL RAISING TRADING HALT**
- * **SOMNOMED REQUESTS 'COVID-19 IMPACT' TRADING HALT**
- * **CANN GLOBAL TAKES 'INVESTMENT' HALT TO SUSPENSION**

MARKET REPORT

The Australian stock market rebounded 5.8 percent on Tuesday March 17, 2020, with the ASX200 up 291.4 points to 5,293.4 points. Twenty of the Biotech Daily Top 40 stocks were up, 13 fell and seven traded unchanged.

Dimerix was the best, up two cents or 16 percent to 14.5 cents, with 260,046 shares traded. Clinuvel, Immutep and Imugene all climbed 12.5 percent; Impedimed improved 10 percent; Next Science was up 9.7 percent; Uscom rose 8.3 percent; Cyclopharm was up 6.7 percent; Avita, CSL, Ellex and Proteomics were up five percent or more; LBT and Nanosonics climbed more than four percent; Resmed was up 3.7 percent; Antisense, Pro Medicus and Telix rose more than two percent; Genetic Signatures was up 1.5 percent; with Cynata, Opthea and Polynovo up by less than one percent.

Alterity led the falls, down 0.2 cents or 13.3 percent to 1.3 cents with 427,000 shares traded. Compumedics and Osprey lost seven percent or more; Kazia, Neuren and Paradigm were down more than six percent; Starpharma fell 4.2 percent; Mesoblast, Prescient and Universal Biosensors were down more than three percent; Cochlear, Oncosil and Orthocell were down more than one percent; with Medical Developments down 0.2 percent.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says Thursday's Covid-19 Bio-Breakfast, entitled 'How to make a vaccine; why is Victoria so important?' will be virtual, broadcast via the internet. Last week, the Bio-Melbourne Network said the-Breakfast would hear from the CSIRO Health and Biosecurity Business Unit director Dr Rob Grenfell (BD: Mar 12, 2020).

The Network said that a panel discussion, featuring Defence Materials Technology Centre Medical Countermeasures' Dr Felicia Pradera, CSL's Dr Andrew Douglas and the Peter Doherty Institute's Prof Damian Purcell, would be facilitated by Melbourne's St Vincent's Hospital emergency medicine director Dr Andrew Walby.

Bio-Melbourne said the Bio-Breakfast would address Australia's response to the Covid-19 pandemic, whilst also discussing the importance of the State of Victoria in severe acute respiratory syndrome-coronavirus-2 (Sars-CoV-2) research and vaccine development.

Today, the Network said that due to coronavirus pandemic the event would be virtual and registered guests could live-stream the Bio-Breakfast presentation and panel discussion.

The Bio-Melbourne Network said that the live-stream link would be sent via email tomorrow night, Wednesday, March 18, 2020.

The Network said that virtual attendees would be able to participate in the question and answer session.

To register, go to: <https://bit.ly/2TX8cmK>.

COCHLEAR

Cochlear says the US Court of Appeals for the Federal Circuit has ruled it must pay \$US268 million (\$A437.1 million) in patent infringement damages.

Cochlear said that the Washington, DC Court of Appeals affirmed the US District Court decision in the lawsuit of the Alfred E Mann Foundation for Scientific Research and Advanced Bionics LLC against Cochlear and its US subsidiary Cochlear Americas.

Cochlear chief executive officer Dig Howitt said that the case related "to two patents that are long expired".

"The court invalidated the first patent and the remaining patent was much narrower in scope," Mr Howitt said.

"We believe the amount of damages awarded is out of proportion with the limited application of the patented feature," Mr Howitt said. "We are very disappointed with this decision, but inflated damages awards are a risk of patent disputes in the US."

The company said it would seek "an en banc review" by the Full Court of Appeals in a petition for a rehearing.

Cochlear said that if the petition was unsuccessful, and the judgement amount and interest were paid the insurance bond of \$US335 million (\$A547 million) would be returned to Cochlear.

Cochlear said it had bank loan facilities available to fund the judgment and was "confident it [could] meet future cash requirements".

The company said that the patent at issue in the litigation had expired and the judgment would not disrupt Cochlear's business or customers in the US.

Cochlear said that the US District Court was still deliberating on Alfred E Mann Foundation and Advanced Bionics' application for prejudgment interest of \$US123 million and attorney's fees of \$US15 million.

The company said it had opposed both applications and the calculation methodology.

Cochlear said that there was "significant uncertainty" on whether pre-judgment interest and costs would be awarded and would be treated as a contingent liability.

Cochlear fell \$2.18 or 1.25 percent to \$172.33 with 631,221 shares traded.

NEUREN PHARMACEUTICALS

Neuren says it will defer partnering talks for trofinetide for Rett syndrome outside North American until phase III trial results are released to gain “substantially greater value”. Previously, Neuren said Acadia Pharmaceuticals would pay \$630 million in upfront fees, milestones and royalties for North American rights to trofinetide, and had begun a 180-patient, 12-week, randomized, controlled, blinded, US phase III trial in females aged five to 20 years with Rett syndrome (BD: Aug 7, 2018; Feb 4, Oct 31, 2019).

In 2018, the company said it has begun negotiations with Acadia for the rights to trofinetide in territories outside North America, but in 2019 said it was not in the interest of shareholders to proceed (BD: Oct 26, 2018; Feb 1, 2019).

Today, the company said it could select the “optimum commercial outcome” following the results, expected in 2021, with potential marketing approval in 2022, as additional development milestones, if achieved, could “substantially increase the value of trofinetide”. Neuren said it had full and free access to Acadia’s US data for registration and commercialization of trofinetide outside North America, and would move forward with European regulatory authority meetings this year for the Rett syndrome development program.

The company said that separate discussions with potential Japanese partners were underway.

Neuren fell 8.5 cents or 6.6 percent to \$1.20.

NEXT SCIENCE

Next Science says it has “a number of products ... that are effective in the removal of Covid-19-like viruses” but sales growth has been impacted by the outbreak.

Next Science said that its Bactisure surgical lavage, or cleanser, for the removal of bacteria and debris from wounds, its Blastx chronic wound gel which removed bacteria and viruses in infected wounds, and its Surgx sterile wound gel for the prevention of bacterial and viral infections in surgical procedures were “effective in the removal of Covid-19-like viruses”.

The company said that sales growth had been affected in the US by the coronavirus outbreak due to reduced hospital visits by its distribution agents, postponement of medical congresses and a reduction in the number of elective procedures.

Next Science said it would continue to service existing customers and distribution partners, but new account growth with hospitals would be “temporarily affected”.

The company said that it was too early to estimate sales for the three months to June 30, 2020, but expected sales growth to be disrupted “until access to customers is restored”.

Next Science said it expected to launch two new products in the US to further address infection in 2020 including surface disinfectant to remove biofilm, bacteria and viruses from hard surfaces and Xperience surgical rinse for the removal of biofilm, bacteria and viruses in the surgical field.

Next Science was up 14 cents or 9.7 percent to \$1.59.

MGC PHARMACEUTICALS

MGC says it has raised \$1,142,460 of a hoped-for \$3 million in a share plan at 2.7 cents a share, taking the total raised to \$2,142,460.

Last month, MGC said it would raise \$1 million in a placement at 3.2 cents a share to an investor and hoped to raise up to \$3 million in a share plan (BD: Feb 17, 2020).

MGC fell 0.3 cents or 15 percent to 1.7 cents with 5.9 million shares traded.

RECCE PHARMACEUTICALS

Recce says it expects to sign a clinical trial agreement for a phase I safety study of its Recce-327 antibiotic, to begin “within the current quarter”, or by April 2020.

Recce previously said the trial would be a 44-patient, single ascending and multiple ascending dose phase I study (BD: Oct 11, 2019).

Last year, Recce said that Recce-327 reduced bacterial load and enhanced wound closure in rat model of methicillin-resistant staphylococcus with burn infections and would use the data to support a human study submission (BD: Nov 27, 2019).

Today, Recce said it was “working with a leading Australian teaching hospital to initiate an independent phase I/II topical efficacy study involving patients with a range of bacterial wound, burn and skin infections.

Recce was up 2.5 cents or 9.6 percent to 28.5 cents.

NOXOPHARM

Noxopharm says the Australian Patent Office has allowed a patent for its anti-cancer drug Veyonda.

Noxopharm said that the patent, titled ‘Improvements in cancer treatment’, provided intellectual property protection until July 2036.

The company said that the patent covered the suppository formulation, including active ingredient idronoxil, and the allowed claims which provided broad coverage for Veyonda as a therapeutic.

Noxopharm chief executive officer and credited patent inventor Dr Graham Kelly said the allowance was “an important step forward for the company and will go a long way to underpinning our proprietary ownership of Veyonda and what we see as its considerable potential commercial value given the strength of the emerging clinical data”.

The company said that patent applications were being pursued in the US, Europe, Japan, China, Canada, India, Israel, South Korea, New Zealand, Russia, Singapore and Hong Kong.

Noxopharm was up 1.5 cents or 9.7 percent to 17 cents.

MACH7 TECHNOLOGIES

Clime Investment Management says it has increased its substantial shareholding in Mach7 from 9,730,649 shares (5.32%) to 11,656,143 (6.38%).

The Sydney-based Clime said that between February 26 and March 12, 2020 it bought and sold shares for prices ranging from 54 to 77 cents a share.

Mach7 fell half a cent or 0.95 percent to 52 cents.

MAYNE PHARMA GROUP

Investors Mutual says it has decreased its holding in Mayne Pharma from 154,226,093 shares (9.74%) to 146,034,058 shares (8.70%).

The Sydney-based Investors Mutual said that between July 31, 2019 and March 13, 2020 it bought and sold shares in more than 100 transactions, with the single largest sale 7,400,000 shares on February 5, 2020 for \$3,219,000 or 43.5 cents a share.

Mayne was up one cent or 3.7 percent to 28 cents with 15.3 million shares traded.

TBG DIAGNOSTICS

TBG has requested a trading halt “pending an announcement in relation to certification of a TBG Biotechnology Xiamen Inc novel coronavirus diagnostic kit”.

TBG said it owned 46.65 percent of TBG Biotechnology Xiamen.

Trading will resume on March 19, 2020 or on an earlier announcement.

TBG last traded up 13 cents or 92.9 percent to 27 cents with 1.2 million shares traded.

RESPIRI

Respiri has requested a trading halt “pending an announcement in relation to a proposed capital raising initiative”.

In a separate announcement, Respiri said it hoped to raise \$2 million for Wheezo product development, clinical development, manufacturing, market and administration costs.

Trading will resume on March 19, 2020 or on an earlier announcement.

Respiri last traded at 7.4 cents.

SOMNOMED

Somnomed has requested a trading halt “pending an update of trading conditions as a result of Covid-19”.

Trading will resume on March 19, 2020 or on an earlier announcement.

Somnomed last traded down 30 cents or 13.0 percent to \$2.00.

CANN GLOBAL

Cann Global has requested a voluntary suspension to follow the trading halt requested on March 13, pending an “announcement regarding institutional investment into the company” (BD: Mar 13, 2020).

Trading will resume on March 19, 2020 or on an earlier announcement.

Cann Global last traded at 0.8 cents.