



# Biotech Daily

Friday April 29, 2022

*Daily news on ASX-listed biotechnology companies*

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## MARKET REPORT

The Australian stock market was up 1.06 percent on Friday April 29, 2022, with the ASX200 up 78.1 points to 7,435.0 points. Twenty of the Biotech Daily Top 40 stocks were up, 12 fell, seven traded unchanged and one was untraded.

Telix was the best, up 39 cents or 9.2 percent to \$4.61, with one million shares traded, followed by Resonance up 9.1 percent to 12 cents, with 89,504 shares traded.

Proteomics climbed 7.1 percent; Opthea and Starpharma were up more than six percent; Antisense, Immutep and Imugene improved more than four percent; Actinogen, Clinuvel, Genetic Signatures, Mesoblast and Nanosonics were up more than three percent; Medical Developments, Paradigm and Polynovo rose more than two percent; Cochlear, CSL, Next Science, Pharmaxis and Universal Biosensors were up one percent or more; with Neuren up by 0.8 percent.

Kazia led the falls, down 10 cents or 10.6 percent to 84 cents, with 465,474 shares traded. Nova Eye lost 5.9 percent; Amplia, Oncosil and Resmed fell four percent or more; Dimerix and Orthocell were down more than three percent; Alcidion, Emvision, Micro-X and Pro Medicus shed more than two percent; with Cynata and Cyclopharm down by less than one percent.

## DR BOREHAM'S CRUCIBLE: HAEMOKINESIS

**By TIM BOREHAM**

**Shares on issue (pre attempted IPO):** 62,390,700

**Implied valuation:** \$77.4 million (based on the 20 cents a new share offer price and the issue of shares for convertible notes and loans)

**Chief executive officer and founder:** Jim Manolios

**Board:** Lou Panaccio (chair), Mr Manolios, Dr Alexander Abrahams, Debbie Ormsby, Michael Ohanessian

**Financials\*(half year to December 31, 2021):** revenue \$2.28 million, loss of \$3.63 million, cash of \$3.12 million

\* As per float prospectus

**Major shareholders:** Jim Manolios and related entities 49.87%, Alex Abrahams and related entities 22%

Usually, the most commercially successful new medical products are backed by a real and apparent need, which is the case with this blood diagnostics outfit.

In short, Haemokinesis is tackling the daily problem faced by hospital emergency departments, in which the only acceptable blood in the first instance is O-negative.

When a needy patient is wheeled in, he or she must be transfused only with the O-negative claret until their blood type is determined. To do otherwise is akin to putting diesel into a petrol-driven vehicle and can have fatal results.

To determine which one of eight blood types the patient belongs to, a sample has to go to the hospital lab and a result takes about an hour to determine.

Haemokinesis's assays reduce this process to minutes, which means the patient can be loaded up with the right juice in the first place.

The gel-based tests are an improvement on the technique used for three decades, which involved introducing the sample to columns of viscous gel on a plastic card and subjecting it to a centrifuge process.

Founder and CEO Jim Manolios notes that only two percent of people have O- negative blood – which makes them valuable donors indeed.

“Routinely the big emergency centres will run out of O-neg on a big Saturday night, especially if there’s been a multi car collision,” he says.

## **Try try again**

The Melbourne-based Haemokinesis last month sought to raise \$17 million ahead of an ASX listing which was scheduled for April 8.

“Unfortunately, due to the worst market in 25 years we had to withdrawal the IPO,” Mr Manolios says. “Haemokinesis is still an unlisted public company and we are seeking alternative investment.”

Haemokinesis also tried to list in early 2021.

Undeterred, the company reports growing sales as Covid recedes and hospitals get back to normal.

“There have been no tenders let for two years and thus there is a strong pipeline of sales,” Mr Manolios says.

## **About Haemokinesis**

Haemokinesis was formed with the remit of creating new diagnostic platforms, initially in immune-haematology (identifying human blood groups and associated tests) and with specific emergency medicine applications.

But the company’s products also cover routine blood group tests, mass laboratory testing and, of course, donor pre-screening at blood banks.

The bench-top products avoid lab flow bottlenecks and reduce costs.

The company already has a number of devices with European (CE mark) and Australian Therapeutics Goods Administration approval, with a “defined path” to US Food and Drug Administration (FDA) assent via proposed clinical trials.

The key approved products are Status 1 and Stargel 10 blood group tests for emergency department use and the higher volume Eclipse and Gemini for hospital laboratories and blood donation centres, respectively.

But management sees broader potential with a product called Glif, as in Group Legible Immuno-haematology Format (Glif).

Developed in conjunction with Monash University, Glif is the point-of-care diagnostic platform.

Like a Covid rapid antigen test (RAT), it can be used and interpreted by untrained people.

Haemokinesis has facilities in Melbourne, Switzerland and the US and sells in 56 countries via 24 distributors.

## **Success and setbacks**

Haemokinesis was founded by Mr Manolios, who previously co-founded immune-haematology play Diamed Australia, in 2011.

Mr Manolios eventually sold out to the Barcelona-based Grifols SA, but not before building a 3,700 square metre manufacturing plant at Hallam, in eastern Melbourne. This facility remains the cornerstone of the company's operations.

"I was acutely aware of the gaps in the product ranges and set about fulfilling this unmet need," Mr Manolios says. "One shortcoming was that there wasn't a way to do blood bank testing outside of the lab."

In 2018 the company acquired the Swiss outfit Day Medical, which marketed a cardless gel assay called Daymate-S in Europe (the product is still sold by Haemokinesis).

Sadly, Day Medical did not survive the pandemic and was put into administration in May 2020. On June 30, 2020 Haemokinesis wrote off a \$15.05 million loan to - and an \$11.2 million investment in - Day Medical.

Haemokinesis is chaired by Lou Panaccio, formerly the chair of Genera Biosystems CEO of Melbourne Pathology and Monash IVF. He currently is on the board of Sonic Healthcare, Avita Health and Rhythm Biosciences.

Director Michael Ohanessian was formerly the head of financial services platform Praemium and also helmed Vision Systems and Genetic Technologies. He is also a Bluechiip director.

Fellow board member and major shareholder Dr Alex Abrahams founded the ASX-listed dental chain Pacific Smiles, so there's no excuse for directors to have dodgy molars (or not to know their blood group).

Director Debbie Ormsby is the former local head of Meda Pharmaceuticals.

## **Glif in a jiff**

The world's only self-interpreting, point-of-care-test, Glif is being developed in alliance with Monash University in an effort dubbed Project Sahara.

Why the desert allusion?

"I can be sitting in middle of the Sahara with no water or electricity and [the test] would still provide a safe result," Mr Manolios says.

Glif is based on a bio-active paper that reacts with the blood sample and this indicates the patient's blood group (and the presence of certain antigens) within one minute. Think of a Covid RAT or pregnancy test, but with a pinprick blood sample rather than saliva or wee.

Glif is yet to be approved anywhere, but in the US it's being sold on an on-demand basis to the Arizona headquartered blood collection mob Vitalant, which collects 1.8 million donations a year across 120 centres. These allowable sales are for internal screening purposes only.

Haemokinesis is eyeing potential uses for mass trauma, pre-transfusion bedside testing, general practitioner testing, in hospital laboratories and military uses.

Of course, some people might be simply curious to find out their own blood type in the comfort of their own home.

Haemokinesis retains a research and development program with Monash University to develop other immune-haematology applications.

One potential use is to enable first responders to measure fibrinogen, the clotting factor which accounts for about 80 percent of a scab.

If the patient is deficient, fibrinogen can be administered in situ rather than at the hospital, by which time the patient may have bled to death.

"We have been in discussion with the New South Wales Ambulance Service, they want to be the first to trial it later this year and hopefully we will have it on market by the end of 2023," Mr Manolios says.

The Glif card could also be used for infectious diseases - including Covid - and to assess whether a pregnant woman needs a top-up of anti-D immunoglobulin to prevent Rhesus disease.

## **Finances and performance**

Haemokinesis generated \$3.9 million in the (pandemic-affected) year to June 30, 2021, including upfront hardware and long-tail consumables sales.

The consumables include reagents, diluents and antisera (a blood serum containing antibodies against specific antigens).

The hardware typically is sold with an associated consumables and support services contract.

Mr Manolios says the bench-top sized instruments cost about \$200,000.

But the company expects that for every one device sold, the client signs up for \$200,000 in consumables every year for the next five years. Depending on volumes, the devices are often sold on a rental, or subsidized, model.

At last count, Haemokinesis had an installed base of 130 diagnostics systems.

The company cites a gross margin of 45 percent, but this is projected to rise to 80 percent when the Hallam facility is fully automated and working at scale.

The company is recording cash flows of \$500,000 to \$550,000 a month, but expects to reach cash flow break-even in the next 12 months.

Management also budgeted revenue of \$4 million for the year to June 30 2022 and this target looked like being achieved some months earlier.

### **Dr Boreham's diagnosis:**

The shelved IPO does not appear to reflect Haemokinesis's fortunes, with the company reporting a \$40 million pipeline of tenders.

"Given the pent-up demand after Covid, I don't see that slowing down," Mr Manolios says. "We were twiddling our thumbs for two years and now it's gone crazy, one tender after the other and we're training people constantly."

According to the now defunct prospectus, the blood grouping market is estimated to grow from \$US2.1 billion to \$US3.4 billion by 2028, a compound annual growth rate of 6.3 percent.

But the point of care treatment market - which Haemokinesis seeks to enter with Glif - is expected to be worth \$US22.7 billion by 2025.

Having spent \$70 million to get to this point, Haemokinesis will keep ahead of medical device giants such as Abbot, Bio-Ra Laboratories and Grifols, which already compete in the traditional laboratory and hospital sectors.

The company says: "Haemokinesis does not believe there are low-cost disposable paper-based tests commercially available that are focused on the indications of the Glif platform [and] targeting or providing the convenience of self-interpreting technologies."

Ahead of the pulled IPO, Mr Manolios described the vaunted \$77 million market cap as the bargain of the century.

"If we were in the US, we would be valued at \$US300 million."

For the time being, investors have decided the company is not such a steal, at least on the terms offered.

But keep the prospectus in the bottom drawer for when the market's risk appetite returns - as it no doubt will.

***Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a relevant qualification of any sort. He thinks his blood group is O but he's not positive.***

## MTP CONNECT

MTP Connect says its updated 'sector competitiveness plan' shows that the pharmaceutical, medical and biotechnology sector supported 73,000 jobs in 2021. The Federal Government-funded MTP Connect said that since its last sector plan in 2016, the sector had added 13,000 jobs, despite a dip in 2020 due to Covid-19, equating to an annual job growth rate of four percent, compared to the national rate of 1.2 percent. MTP Connect chief executive officer Stuart Dignam said that "by examining the key metrics, the 2022 [sector competitiveness plan] tells a powerful story of the medical products sector's contribution to health, wellbeing and the Australian economy". "The sector is a powerhouse in job creation, performing well ahead of the general economy, and the economic contribution as measured by gross value added has grown at a rate of 2.3 percent per annum since 2016, adding a cumulative \$21 billion ... since 2016," Mr Dignam said.

Mr Dignam said that the market capitalization of listed companies increased by \$144 billion since 2016, a 22 percent per annum growth rate over 2016-'21.

"The MTP sector's manufacturing exports grew by 16 percent from 2016 to 2021, becoming the eighth largest export sector in Australia at \$8.2 billion in 2019," Mr Dignam said. "While exports continued to grow in early 2020, the onset of the Covid-19 pandemic and stresses on shipping networks and increased costs have seen declines in line with the broader economy."

## ONCOSIL MEDICAL

Oncosil says it has commitments for a \$4 million placement at five cents a share and hopes to raise a further \$6 million through a two-for-13 entitlement offer.

Oncosil said the record date for the non-underwritten entitlement offer was May 6, with the offer opening on May 10 and closing on June 3, 2022.

The company said that the offer price was an 18.9 percent discount to the 5-day volume-weighted average price.

Oncosil said it would use the funds to commercialize its radiation device for pancreatic cancer in the EU and UK (see below), trials to expand its use in combination with Folfirinox chemotherapy and other planned trials, and general working capital.

Oncosil fell 0.3 cents or 4.9 percent to 5.8 cents with 4.5 million shares traded.

## ONCOSIL MEDICAL

Oncosil says it will receive EUR374,000 (\$A553,000) from Madrid's Hospital Universitario de Fuenlabrada for the expanded use of its Oncosil device.

Earlier this month, Oncosil said Hospital Universitario de Fuenlabrada had completed the first commercial use of its device for pancreatic cancer in Europe (BD: Apr 13, 2022).

Today, the company said an agreement had been signed with the hospital to allow patients with locally advanced pancreatic cancer to be treated with the radiation device.

Oncosil said the agreement included a set number of doses to be delivered by the hospital and was its first commercial agreement in Spain, with a further nine hospitals trained in the use of the device.

Oncosil chief executive officer Nigel Lange said the company was "excited that we have secured a significant commercial agreement with the Hospital Universitario de Fuenlabrada so soon after they successfully treated their first patient".

"This is an important advance for patients with locally advanced pancreatic cancer in Spain," Mr Lange said.

## AUSCANN

Auscann says it will lend \$5 million to related party European Cannabis Corporation to fund further capital to pursue the companies' mutual interests in Europe and Australia. Auscann said the \$5 million drawdown facility would have an interest rate on drawn funds of 7.5 percent and a default rate of 9.5 percent, with a repayment of \$1 million due on both the first and second anniversary of the date of drawdown.

The company said its chair Tod McGrouther was a director of European Cannabis Corporation, known as Eurocann, and director Chris Mews was an officer of the investment manager of Eurocann's major shareholder.

Auscann said the drawdown facility would allow for the construction of additional greenhouses, expansion of manufacturing capabilities, and exclusivity for the commercialisation of medicinal cannabis products for the Australian and New Zealand markets.

The company said that in tandem with the loan, the two companies would pursue mutual interests in Europe, and Australia and New Zealand.

Auscann said Eurocann was the 100 percent owner of the Dortmund, Germany-based Hapa Pharm GmbH, which held EU good manufacturing practice certification for the cultivation, extraction and manufacture of medical marijuana products.

The company said that Eurocann's Hapa would exclusively manufacture and supply products to Auscann, for commercialization in Australia and New Zealand, ahead of recently announced changes to the Therapeutic Goods Order 93, which specifies minimum quality requirements for medical marijuana.

Auscann said the recent order presented an attractive opportunity for the companies to supply low-cost Europe-originated marijuana into Australia.

The company said that it and Eurocann would establish a joint steering committee to focus on Auscann's self-emulsifying drug delivery technology for the development of standardized dosage form cannabis products for commercialization in Germany.

Auscann also said that the steering committee would explore other strategic opportunities beneficial to Auscann and Eurocann.

Auscann was up half a cent or 7.8 percent to 6.9 cents.

## RESPIRI

Respiri has requested a voluntary suspension to follow its April 27, 2022 trading halt "in relation to a capital raise" (BD: Apr 27, 2022)

Today, the company said it had "not concluded the terms of the proposed raising", but expected an announcement on the proposed capital raising no later than May 2, 2022.

Respiri last traded at 5.1 cents.

## OSPREY MEDICAL

Osprey has requested a trading halt of its Chess Depository Interests "as it considers its strategic and funding options".

In its appendix 4C quarterly report, Osprey said it had receipts from customers of \$US411,000 (\$A574,472) for the three months to March 31, 2022, a cash burn of \$US2,724,000 and cash and equivalents of \$US2,616,000.

Trading will resume on May 3, 2022 or on an earlier announcement.

Osprey last traded at 20 cents.



## STARPHARMA

Allan Gray Australia Pty Ltd says it has increased his substantial holding in Starpharma from 43,597,242 shares (10.82%) to 50,210,598 (12.32%).

The Sydney-based Allan Gray said that between October 7, 2020 and April 26, 2022 bought 9,806,043 shares for \$10,302,365 or \$1.05 a share, and sold 3,192,687 shares for \$5,911,550 or \$1.85 a share

Starpharma was up five cents or 6.25 percent to 85 cents.