



Biotech Daily

Friday December 9, 2022

Daily news on ASX-listed biotechnology companies

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- PARADIGM DOWN 7%**
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- * **QUEENSLAND UNI INFRA-RED MALARIA DETECTOR**
- * **CARDIEX ATCOR XCEL FOR CLINICHAIN TRIALS**
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- * **RECCE R327 PHASE I/II DIABETIC FOOT INFECTION TRIAL APPROVED**
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- * **ANTEO RECEIVES \$3.2m FEDERAL R&D TAX INCENTIVE**
- * **CRONOS TO RELEASE 407m VOLUNTARY ESCROW SHARES**
- * **HSBC TAKES 9.7% OF PHARMAXIS**
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- * **IQ CREDITORS VOTE ON EXTENSION, \$659k ADMINISTRATOR FEES**

MARKET REPORT

The Australian stock market was up 0.53 percent on Friday December 9, 2022, with the ASX200 up 37.7 points to 7,213.2 points. Thirteen of the Biotech Daily Top 40 stocks were up, 15 fell, 10 traded unchanged and two were untraded.

Genetic Signatures was the best, up six cents or 7.5 percent to 86 cents, with 10,660 shares traded. Antisense, Clinuvel and Kazia climbed more than five percent; Micro-X and Patrys improved more than four percent; Medical Developments was up three percent; Avita rose 2.6 percent; Nanosonics and Impedimed were up more than one percent; with Cochlear, CSL, Emvision, Polynovo and Pro Medicus up by less than one percent.

Paradigm led the falls, down 9.5 cents or 6.8 percent to \$1.31, with 645,053 shares traded. Alcidion, Atomo and Starpharma lost more than three percent; Actinogen and Immutep shed more than two percent; Mesoblast, Nova Eye, Opthea, Orthocell, Resmed, Telix and Volpara were down more than one percent; with Cyclopharm, Neuren and Proteomics down by less than one percent.

[DR BOREHAM'S CRUCIBLE: ALCIDION](#)

By TIM BOREHAM

ASX code: ALC

Share price: 15 cents; **Shares on issue:** 1,268,069,053; **Market cap:** \$190.2 million

Financials (September quarter 2022): receipts \$12 million, cash burn \$483,000, cash \$16.2 million, quarters of available funding 33.

Year to June 30, 2022: revenue \$33.4 million (up 33%), underlying profit \$900,000 (up 80%), net loss \$3.53 million (previous deficit \$2.24 million), cash \$17.3 million (down 31%)

Chief executive officer: Kate Quirke (a.k.a. Katrina Elizabeth Doyle)

Board: Rebecca Wilson (chair), Ms Quirke, Victoria Weekes, Daniel Sharp, Simon Chamberlain (co-founder Prof Malcolm Pradhan retired on November 30, 2022)

Identifiable major shareholders: Prof Pradhan 10.6%, Australian Super 8.75%, Ray Blight 6.8%, Kate Quirke 3.8%, Isle of Wight Pty Ltd (Colin MacKinnon) 2.1%,

As Great Britain strives to restore the 'great' bit with a fiscal austerity drive, Alcidion chief Kate Quirke is confident the nation's beloved National Health Service (NHS) will be spared the brunt of the inevitable cuts under Prime Minister Who is it This Week?

"The NHS is the most loved institution in the UK - you decimate it at your peril," Quirke says.

There's much at stake for Alcidion, which has chosen the UK health market - specifically NHS system hospitals - for its ambitious rollout plans.

Alcidion seeks to transform healthcare delivery, by using data to manage patient flows and provide more usable patient information to doctors and nurses. Their systems track patients from admission, through triage, diagnosis, treatment and follow-up to discharge, as well as out of hospital tracking.

Last year the company derived 47 percent of its revenue from the UK, with the remainder predominantly from Australia and New Zealand.

Following two acquisitions in the Old Dart in 2021, this mix increasingly will be skewed to the UK. Alcidion already has had significant growth in Britain over the last two years as the NHS invests in modernization - notably the GBP2 billion (\$A3.6 billion) NHS Frontline Digitisation Program.

Ms Quirke likens the company to a bank that monitors customers' suspicious transactions.

"We identify possible areas of risk and alert clinicians to that risk, so that we can impact or prevent those things from occurring."

Moulded by acquisitions

Alcidion had its modest beginnings in Adelaide, on the back of its foundation product Miya.

The company was the brainchild of director Ray Blight, the erstwhile head of the South Australian Health Commission and Prof Malcolm Pradhan, a general practitioner and health informatics buff.

Alcidion back-door listed in February 2016, having raised \$2 million at 3.1 cents a share.

The company has been molded by acquisitions.

In 2018, Alcidion bought the private MKM Health for around \$12 million. MKM owned Patientrack, which ensures that doctors and nurses have the full patient information from different departments. And MKM's Ms Quirke became Alcidion CEO, with then chairman and executive director Mr Blight going non-executive, before quitting in June 2021.

Prof Pradhan retired on November 30 2022, in what chair Rebecca Wilson dubbed a "natural evolution and a well-established succession plan adopted by the board several years ago".

In April 2021, Alcidion acquired UK mob Extramed, which manages the flow of patients from the emergency department to outpatient services. Extramed had a 19 percent share of the NHS trust system (the bodies that own the various hospitals) opening the way for Alcidion to sell its products to additional hospital sites.

Before the ink dried, the company acquired Silverlink Software, "one of the largest and few remaining specialist patient administration systems in the UK NHS market", with the \$55 million purchase was funded by a placement and rights issue.

The Silverlink deal enabled the company to provide a "full end-to-end solution" to UK healthcare providers, in relation to electronic patient records.

Sweet product suite

In essence, Ms Quirke says, the company consolidates all available digital data available and, in some cases, enables paper to be converted to digital records.

"The data can be used to improve decision-making and efficiency and safety of healthcare delivery," she says.

The flagship product, Miya Precision, is an interoperable platform that augments a customer's existing information technology (IT) system. Sitting beneath Miya Precision, 16 Miya modules cover functions including patient flow and bed management, vital signs recording and - of course - patient records.

Now known as Miya Assessments and Observations, Patientrack is all about nursing care at the bedside. Silverlink PCS offers non-clinical patient administration, while Extramed is all about patient flow management in the UK.

Hooray for the UK

In the UK, the NHS Frontline Digitisation Program aims to have 90 percent of the NHS trusts on electronic patient records (EPRs) by December 2023, with the remainder converted by March 2025.

The company is also eyeing the amalgamation of trusts into 'regional integrated care systems' which in non-health-administrator-speak means that the various hospitals combine and share data. One benefit is that the administrators know where beds are available across the whole region, rather than one hospital.

Ms Quirke says the company ended 2022 with sales in 39 NHS trusts - 27 per cent of the total. But all these trusts use only one product, so there's potential for cross selling.

Last week, the company said it had signed up University Hospital Southampton, an NHS trust, to use Miya Precision. The deal is worth \$2.8 million over three years.

Earlier wins included the Herefordshire and Worcestershire Health and Care NHS, which signed a five-year deal to use the Miya Flow patient monitoring product (the first community NHS trust to do so).

"Around 90 [NHS trusts] are seriously in play between now and [the end of] 2023," Ms Quirke says.

Local contract wins

Alcidion's local contracts tend to be for smaller amounts, but the company says its brand is well recognized across the eastern seaboard (although not in its birthplace of Adelaide, oddly enough).

Despite the "continued uncertainty of the external business environment" Alcidion won several new contracts and upgrades, including the Northern Territory health system and Melbourne's Western Health and Alfred Health. Earlier, Alcidion won two significant home-care contracts with the Sydney and Murrumbidgee local health districts.

Alcidion has a slice of the \$330 million Australian Defence Force (ADF) contract, which involves consolidating the health records of all employees - not matter where they are in the world. Announcing the win in April last year, Alcidion estimated its potential share of work at \$21 million over five and a half years. Alcidion's role is to consolidate data from 14 different health providers into a single view.

Sizing up the rivals

Not surprisingly given the interest in electronic patient records, Alcidion does not exactly have the market to itself.

At last week's AGM, management confessed that smaller UK hospitals were unwilling to switch from the established larger providers, citing (perceived) lack of support and little cost difference.

Ms Quirke says the competition depends on the geography and the exact nature of the product and the patient problems it seeks to solve.

Here, the company competes with offshore electronic medical record giants such as Cerner, Epic, Allscripts and Philips. In niche areas, competitors include Telstra Health in the patient flow management.

Other rivals such as Lightfoot and Pascal Metrics dwell in the data analytics segment.

In the UK, the company competes with Nervecentre Software and System C in some sectors.

Finances and performance

Alcidion's September quarter numbers showed receipts of \$12 million, up 83 percent year-on-year.

Operating cash outflows (the cash burn) for the three months to September 30, 2022 narrowed to \$483,000, compared with a \$3.3 million deficit in the June quarter and \$3.4 million the previous September quarter.

The company won \$1.8 million of new contracts in the traditionally quiet quarter, taking total contract value - the worth of all signed deals over their lifetime - to \$29 million (up 69 percent).

And seeing you asked, the contracts are adjusted for inflation or - in some cases - wages.

When releasing the September quarter numbers in October, management said the company was confident of becoming cash flow and earnings before interest, tax depreciation and amortization (Ebitda) positive in 2023.

No update was proffered at the AGM, so presumably nothing has changed.

RBC Capital Markets forecasts revenue of \$45.8 million for the current financial year, with adjusted Ebitda of \$7.7 million and a net profit of \$3.4 million.

This rises to revenue of \$49 million and a \$4.4 million net profit in the 2023-'24 year.

RBC values the stock at 19 cents, while fellow broker Canaccord reckons 20 cents should about do it.

Over the last year, Alcidion shares have traded as high as 38 cents (in late October 2021) and as low as 11 cents (June 30 2022).

The stock will be removed from the market-capitalization-based ASX All Technology Index on December 19, but is secure in the quality-based Biotech Daily Top 40 Index (BDI-40).

Rushed to (virtual) hospital

Alcidion is also targeting remote patient monitoring, which was already burgeoning but was given a gee-up by the pandemic.

Ms Quirke notes that one in four patients with an overnight stay will have an adverse event. So, in truth, patients are safer in their own homes and they usually prefer it.

The Murrumbidgee Local Health District has extended its use of Alcidion products to monitor people at home, starting with Covid patients.

Even before the pandemic Sydney Local Health District was setting up RPA Virtual, the equivalent of a hospital with 900 beds.

As Sir Humphrey insisted, the most efficient hospital is one without any patients.

“They are ... talking to us about how we can use our platform to help take the data of patients monitored from home, allowing the doctors and nurses at the central command centre to monitor patients,” Ms Quirke says.

Dr Boreham’s diagnosis:

Ms Quirke says the company has entered the current financial year in a strong position, given the \$29 million of contracted revenue already in the bag.

But she adds the real oomph from the growth initiatives will come in the 2023-'24 and 2024-'25 years.

The company cites a total addressable market of \$105 million here and in New Zealand and \$580 million to \$1.2 billion in the UK.

So, that implies the company has a 10 percent market share here and only two to four percent in the UK.

Sadly, Alcidion’s current share price doesn’t reflect the company’s potential to grow market share in these existing jurisdictions, not to mention potential expansion into India, Canada and the US.

In our view, the company’s vital signs look positive.

On a cautionary note, competition abounds and management needs to continue to invest in innovation to stay a step ahead of pesky rivals.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. But his vital signs look positive.

UNIVERSITY OF QUEENSLAND

The University of Queensland says it has developed a fast, needle-free malaria detection tool using infra-red light shined onto skin.

A media release from the University of Queensland said that the device shined the light for five-to-10 seconds and then processed the data by computer algorithms.

The University said the tool was in early development but the proof-of-concept was “exciting”.

The University of Queensland said that a research paper titled, ‘Malaria absorption peaks acquired through the skin of patients with infrared light can detect patients with varying parasitemia’ was published by the US National Academy of Sciences and an abstract was available at: <https://bit.ly/3ULIHTT>.

The University said that malaria was usually detected by a blood test, but that the smart-phone operated device could shine a beam of infra-red light on a person’s ear or finger for five to 10 seconds, and collect an infra-red signature that was processed by a computer algorithm to detect “near-infrared plasmodium absorption peaks” to identify “varying parasitaemia levels in less than 10 seconds”.

The University of Queensland team leader Dr Maggy Lord said the technology would “revolutionize how malaria is fought”.

“Currently it’s incredibly challenging to test large groups of people, such as the population of a village or town - you have to take blood from everyone and mix it with a reagent to get a result,” Dr Lord said.

“But with this tool we can find out very quickly whether a whole village or town is suffering from, or carrying, malaria ... the technique is chemical-free, needle-free and detects malaria through the skin using infrared-light - it’s literally just a flash on a person’s skin and it’s done,” Dr Lord said.

The media release said that the researchers believed that “the technology is the first step to eliminating malaria” and could be potentially used to detect other diseases such as Zika and dengue.

CARDIEX

Cardiex says the Almere, Netherlands-based trial support and procurement business Clinichain BV will use its Atcor Xcel devices and data management services.

Cardiex said its Atcor Xcel device would be used in all phases of a 30-month, multi-site trial for the determination of clinically relevant arterial health outcomes based on Sphygmocor digital vascular biomarkers for the assessment of arterial health.

The company said Clinichain had placed two orders and that total revenue was expected to be “twice the 2021-’22 revenues for the entire business”.

In August, Cardiex said that its revenue for the 12 months to June 30, 2022 was \$4,066,982 (BD: Sep 1, 2022).

Today, the company said that about 40 percent of the cashflow was expected in 2022-’23, with the remaining over the rest of the trial duration.

Cardiex managing-director Craig Cooper said “this is a very significant trial for the company and continues to validate our industry-leading Sphygmocor technology for specialized clinical trial services - as well as our prior statements about the strength of our clinical trial pipeline”.

“With the impending launch of the Conneqt Pulse device, which provides a full decentralized clinical trial solution, we expect the Atcor clinical trial business to continue to be a significant revenue generator for the company,” Mr Cooper said.

Cardiex was up 7.5 cents or 24.2 percent to 38.5 cents.

ADHERIUM

Adherium says its share purchase plan at 0.5 cents a share had applications for \$230,000 of the up-to \$1 million available, taking the total raised to \$13.73 million.

In September, Adherium said it had commitments for \$13.5 million in a placement at 0.5 cents a share, subject to shareholder approval (BD: Sep 16, 2022).

The company said that every two shares bought in the offer would come with one attaching option, exercisable at one cent each by March 31, 2024

Adherium said that a shortfall facility would close no later than January 21, 2023.

Adherium was unchanged at 0.4 cents with 3.3 million shares traded.

RECCE PHARMACEUTICALS

Recce says it has ethics approval for an up-to 32-patient, phase I/II trial of R327 spray-on antibiotic therapy for mild skin and soft tissue diabetic foot infections.

Recce said the single-centre, prospective, interventional, phase I/II study would assess the safety and efficacy of R326 as a topical anti-infective treatment in up-to 32 patients with mild skin and soft tissue diabetic foot infections.

The company said the study would be led by Prof Hugh Dickson and conducted at Sydney's Limb Preservation and Wound Research Unity, with the first patients to be dosed by April 2023.

Recce said the study was funded by the New South Wales Government Department of Health for "less than \$500,000".

Recce chief executive officer James Graham said that ethics approval was "yet another milestone for Recce and the clinicians seeking to find an effective therapeutic treatment against [diabetic foot infections]".

Recce was up half cent or 0.8 percent to 65 cents.

RACE ONCOLOGY

Race says it has submitted its ethics application for a 50-patient, phase I/IIb trial of Zantrene, or bisantrene dihydrochloride, in breast cancer patients.

Race said that the trial, led by Prof Aaron Svedlov, would recruit and monitor patients being treated for breast cancer using the standard-of-care regimen of doxorubicin and cyclophosphamide, known as AC chemotherapy, to identify the rate and level of heart damage caused by chemotherapy, using advanced cardiac imaging, biochemical and liquid biopsy methods.

The company said that the observational stage of the trial would inform a subsequent phase I/IIb interventional trial to help patients avoid permanent heart damaged caused by AC chemotherapy and improve anti-cancer outcomes.

Race said that recruitment was expected to be finalized in 2023.

Race chief executive officer Phillip Lynch said "cardio-protection remains a significant unmet patient need, and our preclinical data suggests that we have in Zantrene the opportunity to effectively address this need".

"I look forward to us progressing the clinical program and to clarifying the large commercial opportunity this program represents," Mr Lynch said.

Race chief scientific officer Dr Daniel Tillett said the trial was "Race's first step in advancing the cardio-protection opportunity for Zantrene in the clinic".

"Gaining high quality observational data to design our interventional phase I/IIb trial of Zantrene in breast cancer is critical to the success of this program," Dr Tillett said.

Race fell five cents or 2.2 percent to \$2.18.

ANTEOTECH

Anteo says it has received \$3,199,953 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Anteo said the rebate related to research and development expenditure for the year to June 30, 2022.

Anteo was up 0.2 cents or 3.6 percent to 5.7 cents with 3.3 million shares traded.

CRONOS AUSTRALIA

Cronos says it will release 407,052,727 shares from voluntary escrow on December 16, 2022.

According to its most recent filing, Cronos had 554,835,852 shares on issue.

Cronos was up half a cent or 0.8 percent to 66 cents.

PHARMAXIS

HSBC Holdings says it has increased its substantial holding in Pharmaxis from 30,910,830 shares (6.82%) to 69,601,307 shares (9.68%).

London's HSBC said it participated in a placement on December 5, 2022, buying 29,166,667 shares for six cents a share, or a total of \$1,750,000, as well as buying 9,523,810 shares in a placement at 10.5 cents a share on November 18, 2021.

In October, Pharmaxis said it expected to raise \$10 million in a two-tranche placement to institutional investors at six cents a share (BD: Oct 19, 2022).

Last year, Pharmaxis said its oversubscribed placement had raised \$7.42 million at 10.5 cents a share (BD: Nov 17, 2021).

Pharmaxis was unchanged at 6.3 cents.

GLAXOSMITHKLINE

Glaxosmithkline says Prof Georgia Chenevix-Trench has won the \$100,000 Research Excellence prize for her work on mapping genetic predispositions to cancers.

A media release from Glaxosmithkline said that the Queensland Institute for Medical Research Berghofer's Prof Chenevix-Trench's research had "elevated global understanding of why some people have a genetic risk to cancer and what determines it... [and] has contributed to the development of better screening, possible prevention solutions and treatment options for patients".

Glaxosmithkline said that Prof Chenevix-Trench and her team had identified genetic variants in more than 240 regions of the genome that could affect a person's risk of developing breast cancer, and that the next steps were to identify which of those genes operated in human cancers.

Prof Chenevix-Trench said that her focus has been "to understand how genetic variants act as a determining factor in developing breast cancer".

"Unless we know how these genomes operate in relation to cancerous cells, we won't be able to translate the knowledge we have gained into tangible treatment options and preventative solutions for patients," Prof Chenevix-Trench said.

Glaxosmithkline said that Prof Chenevix-Trench would use the grant to purchase the Xcelligence system, which would accelerate their work by enabling "real-time cell analysis," and insights into cancer cell behavior.

Glaxosmithkline Australia medical director Dr Alan Paul said his company was "delighted" to welcome Prof Chenevix-Trench to the list of Research Excellence award winners.

IQ GROUP (IN ADMINISTRATION)

IQ Group administrators, Sydney's DVT (de Vries Tayeh) says that deed of company arrangement proponents have requested an extension and a meeting will be held.

In March, IQ3 said it had entered voluntary administration, with the Sydney's DVT Group "to maximise the outcome for all stakeholders" (BD: Mar 11, 2022).

DVT said that on December 5, 2022, Bridges Lawyers, representing the deed proponents, said there had been "further delays in completing due diligence and raising sufficient funds for the contribution sums under each of the [deeds of company arrangement]".

The administrators said that had convened a concurrent meeting of creditors to consider the extension request to March 31, 2023; the future of the companies including whether the deeds of company arrangement should be terminated and the companies placed into liquidation and the administrators' remuneration.

DVT said that fees and expenses for IQ3 amounting to \$38,950 was supported by 86 percent of a previous meeting but "insufficient creditors in value voted for the fee resolutions, resulting in a deadlock" and the fee resolution was not passed.

The administrators said that in the event that creditors resolve to wind up some or all of the companies and appoint DVT's Mark Robinson and Antony Resnick as joint and several liquidators, the further fees of \$153,950 for each of the four IQ Group companies, totalling \$615,800, would need to be approved by the creditors.

"In addition to remuneration charged on a time basis, creditors will be asked to consider and approve a further fixed fee remuneration charge of \$950 per annum, excluding GST, for each administration, to reflect the compulsory levies imposed by [the Australian Securities and Investments Commission] on insolvency practitioners," DVT said.

The meeting of creditors will be held via teleconference on December 22, 2022 at 11am.