



Biotech Daily

Friday July 11, 2025

Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Microba Life Sciences

By TIM BOREHAM

ASX Code: MAP

Share price: 9.2 cents

Shares on issue: 515,029,773 (including 67,177,796 first tranche placement shares)

Market cap: \$47.4 million

Chief executive officer: Dr Luke Reid

Board: Pasquale Rombola (chair), Prof Ian Frazer (deputy chair), Prof Gene Tyson, Dr Hyungtae Kim, Richard Bund, Jacqueline Fernley

Financials (March quarter 2025): customer receipts \$4.23 million, cash outflows \$3.84 million, cash balance \$26.29 million (proforma, after placement)

Major shareholders: Sonic Healthcare 19.14%, Perennial Value Management 14.3%, Thorney Investment Group 6.69%, SA Microba Holdings (Mr Bund) 7.48%

When Russian author Aleksandr Solzhenitsyn said the battle between good and evil runs through every man - ok, person - he was not talking about the trillions of bacteria that reside in the gut.

But he may well as have been, because this thriving ecosystem of bugs can make us very ill - or promote healthy functions such as digestion and immunity.

In the main, they do the good stuff.

Microba's reason for being is to help chronically unwell people by addressing their microbiome, which Dr Reid dubs the critical "missing organ".

Gut health and the microbiome have been a trendy 'wellness' area, exemplified by the proliferation of probiotic supplements.

"But no one has truly medicalized the unequivocal science that has built over the last decade on this forgotten organ, and how we can treat and manage it," Dr Reid says.

Microba has commercialized two clinical tests, to assess and manage gastro-intestinal (GI) patients.

"We have been at the forefront of clinical microbiome diagnostics for the last seven years," Dr Reid says.

Microba spawns from the germ of a good idea

Dr Reid says the Brisbane-based Microba "sits at the intersection of the integrity of the gastro-intestinal tract, the structure and function of the microbiome, and the communication between the brain and the gut."

The company's flagship Metaxplore tests assess a range of markers to assess the gastro-intestinal tract.

"It then distils that into a clear report with findings and - most importantly - what the clinicians can [recommend] in terms of diet, dietary supplementation, targeted medications, and specific lifestyle changes," Dr Reid says.

The Brisbane-based Microba was formed in 2017, based on intellectual property acquired from the University of Queensland.

The patents built on the work of the co-founders Prof Philip Hugenholtz and Prof Gene Tyson, at institutions including University of California Berkeley, Massachusetts Institute of Technology and the Joint Genome Institute.

Dr Reid was an associate director of Uniquest Pty Ltd and held roles with plant genetics leader Dupont Pioneer, and biotechnology innovator Novozymes.

The company's deputy chair, Prof Ian Frazer co-invented the Gardasil and Cervarix cervical cancer vaccines.

The company launched its first non-diagnostic product, Microba Insight, in Australia in July 2018. This delivered the world's "largest clinically applicable, proprietary microbiome dataset". Microba listed on the ASX on April 5, 2022 at a subscription price of 45 cents, with the initial public offer raising \$30 million.

The company launched its core clinical testing products Metaxplore and Metapanel, in February 2023 and March 2024 respectively (see below).

In November 2023, Microba expanded into the UK with the strategic acquisition of private UK microbiome testing business Invivo Clinica, for an upfront GBP5 million (\$A10.4 million).

In late 2022, ASX-listed pathology giant Sonic Healthcare invested \$17.8 million to acquire a 19.99 percent holding in Microba.

In October 2024, the company sold its non-core research services business, and this year has been discontinuing legacy products.

In late April, Microba entered a partnership with the Colonoscopy Clinic, one of Australia's largest private gastro-intestinal operations, seeing about 10,000 patients a year.

The guts of Microba

The Microba business is based on a proprietary database of one million microbial genomes, covering thousands of species.

Rather than “dying in a sea of opportunity”, the company has focused on gastro-intestinal disease.

“Ninety-five percent of those organisms live in the gut and will act there first, before they have their systemic impact through the body,” Dr Reid says.

Metapanel is the ‘first line’ test to determine whether the patient has a pathogen that can be treated simply with antibiotics.

While other screening panels are available, they only detect 15 to 25 pathogens, whereas Metaxplore can deal with more than 100.

“Metapanel rules out the simplest root causes first - ‘bad guy? yes or no’ - while Metaxplore deals with the complexity of everything else that could be wrong with that patient’s gastro-intestinal and microbiome health.” Dr Reid says.

As with a standard pathology assay, clinicians refer both tests to patients. The patient sends back a stool test sample with the supplied kit.

The clinicians interpret the reports - which are designed to be “simple and actionable” - just before the patient visit.

Metapanel study

In May, Microba released the “compelling” results of a study called Metapanel, which analyzed 889 test results from patients’ long-term gastro-intestinal symptoms.

The results showed that 20 percent of patients (178 of them) tested positive for a pathogen that can cause gastro-intestinal infection.

Of the pathogens detected, 78 percent were missed by routine pathology tests.

Furthermore, 58 percent of tests showed abnormal microbiome results, supporting referral to a Metaxplore test for further investigation.

All the patients treated showed “complete symptom resolution” in an independent study. All results are reviewed by an expert pathologist that recommends treatments, including antibiotic selection.

Metaxplore study

A week later, Microba announced the results of a “landmark” gastro-intestinal study, covering more than 4,600 patients undergoing Metaxplore testing.

Of these, 71.4 percent had “actionable results” with 42 percent testing positive for abnormal microbiome markers linked to gastro-intestinal health.

About 10 percent tested positive for gastro-intestinal markers, such as inflammation, pancreatic insufficiency, or stool blood.

Almost 20 percent tested positive for multiple markers (microbiome and gastro-intestinal).

The crux is that 65 percent of patients reported health improvements after following their doctor’s advice (based on the Metaxplore findings).

Eyes on the US prize

Currently Metaxplore is sold in Australia and in the UK, while Metapanel is available locally via Sonic.

Dr Reid says Microba has a “well considered plan” for US rollout.

“The US market is a big pie, so we have a plan to take it one slice and one bite at a time,” Dr Reid says.

“Our strategy is to start in one state and one city, with a small team. In effect we will replicate what we did in the UK, accessing influential clinicians and then opening up to more.”

The company estimates a total addressable market of \$25 billion covering 82 million patients, across the US, the UK, Germany, Italy, Spain, France and Australia.

‘Bugs as drugs’

For the last five years, Microba has developed a pipeline of novel therapeutics across three programs.

Think of them as prescription probiotics, or “bugs as drugs”.

The company has completed a phase I study for ulcerative colitis; and has pre-clinical programs for immune-oncology and auto-immune conditions.

Ulcerative colitis is one of the two major forms of irritable bowel disease, which results in inflammation and ulcers (sores) in the digestive tract.

It is a debilitating, chronic condition - and poorly treated.

In December 2023, the company reported the phase I study of 32 healthy volunteers, showing Microba’s drug candidate MAP-315 was “well tolerated at both low and high doses”.

The company plans an investigational new drug application to the US Food and Drug Administration, to enable a phase II trial.

Finances and performance

In late June, Microba completed a \$14.5 million capital raise, with a \$12.5 million two-tranche placement, and a fully-underwritten share plan for \$2 million, both at nine cents a share, a 22 percent discount.

The shares come with options, exercisable at 14 cents within two years.

Sonic Healthcare ponied up \$4.1 million and has indicated a further potential commitment of \$4.1 million more.

Microba posted record core test sales in the March quarter.

Locally, the company sold 3,225 Metaxplore tests, more than triple the previous period, taking the annualized run rate to 12,900 tests, also up 200 percent.

In the UK, the company sold 246 Metaxplore tests, with turnover doubling between February and March.

Meanwhile, the company achieved 212 local Metapanel sales, up 1,827 percent.

Cash receipts totalled \$4.23 million for the quarter, up 5.2 percent on a year previously.

Revenue fell 14 percent to \$3.4 million, reflecting an 84 percent decline in (legacy) research work.

Microba guided to revenue of \$15.25 million to \$16.25 million for the year to June 30, 2025, and in late June narrowed this to \$15.4 million to \$16.0 million.

Management expects Australia and the UK to be break-even this year.

Post raising, the company has a proforma cash of \$26.29 million.

Over the last 12 months, Microba shares has wavered between 32 cents (January 28, 2025) and eight cents (July 2 this year)

The Microba register includes Thorney Investments (Tiga Trading) and Perennial Value Management.

Who's payin' ... just sayin'

Normally patients are like your columnist with the first shout: short arms and long pockets.

Unlike most medical diagnostic plays, Microba is not exactly hanging out for US reimbursement because patients are willing to stump up because they're in so much long-term pain.

"We don't need it to have a ginormous business," Dr Reid says. "There is a hungry, cash-pay market that's bigger than people understand".

That said, the company wouldn't exactly snub US reimbursement.

Microba's price modelling settled on \$470 for Metaxplore in Australia.

In the UK, the price is GBP399 (\$A830) per test.

In the US, the price looks like coming in at anywhere between \$US450 and \$US800 (\$A688 to \$A1,224).

Currently sold just in Australia via Sonic, a Metapanel test sells for \$345.

The obvious gambit is to bundle the tests in a 'two-for-one' special, involving only one medical consultation. This is something for the future.

Dr Boreham's diagnosis:

Dr Reid says after years of work and investment, Microba has transitioned from being "R&D heavy" to "capital light, partnering and revenue-focused".

"We have a significant revenue base that is growing quickly," he says.

“We aren’t waiting for the promise of approvals or reimbursement; we have real product in the market getting value and delivering clinical results.”

While Microba estimates an \$US25 billion a year market for 82 million tests, it hones the “addressable” market within three years to 18 million tests and an “obtainable” market of two million assays.

Do the sums and the revenue rewards are still humungous.

In the US alone, 37 million patients present each year with a range of symptoms and half of them are not resolved.

“We only need to unlock a fraction of a percent to meet our business objectives,” Dr Reid says.

In the meantime, Microba shares have more than halved over the last year and a \$45 million valuation does not do justice to these achievements.

But in the pantheon of ASX biotechs, this is not a unique story and patient investors should be rewarded in the fullness of time.

Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. His microbiome is functioning fine, but he has been known to bug people.