Movers & Shakers - Pharma & Biotech

12 August 2024

Markets were up in July with positive share price movement for a number of pharma and biotech stocks. Biotechs were also well supported in the US in July, with the iShares Biotech ETF up 7.8%.

Below we take a look at five ASX-listed companies whose share prices rallied in July.

Cleanspace Holdings Limited (ASX: CSX)

Cleanspace Holdings design, manufacture and sell premium respiratory protection equipment for industrial and healthcare markets. On 16 July 2024, Cleanspace Holdings announced its preliminary revenue results for FY24. The stock responded positively to the news with the share price up 72% in July and receiving a speeding ticket due to the share price move on the back of high volumes. FY24 sales were up 30% on the prior year at $15.7 million with the 2H'FY24 being a strong period. Revenue has now grown in every half year period over the last two fiscal years and the company has met its FY24 objective of 30% revenue growth.

There has been a change in focus from healthcare markets to industrial sectors with 97% of revenue derived from industrial sectors in FY24. Europe continues to be a strong market with revenue growth in Asia Pacific and North America in the 2H.

The Company reset it strategy post the pandemic with the company seeking to drive growth while focusing on taking costs out of the business. The key elements of the strategy are:

- Realign resources to industrial and prioritise only existing/ targeted healthcare opportunities.
- Focus on priority markets where the company has a presence and foundations for growth including France, US, Australia, UK, Germany, Nordics and Japan;
- Expand the product portfolio to capture additional market sectors and customer needs;
- Build consumable revenue streams with additional innovative services and solutions; and
- Tightly manage costs and cash to align with business revenue.

With the company previously reporting that it expects to be cash breakeven during CY2024, no doubt the market will be watching the FY24 results scheduled to be released on 27 August.

Alcidion Group Limited (ASX: ALC)

Alcidion was on the move in July with the share price up 59.6%. During the month, the company signed a long-term partnership agreement with Hume Rural Health Alliance for the use of Miya Precision as an enterprise digital platform with a focus on patient flow and virtual care. The technology will increase visibility of bed availability which is expected to lead to increased efficiency in bed management and better patient throughput. The Total Contract Value (TCV) is approx. $4 million over a five year period to recognised predominantly as annual subscription revenue.

The company also announced that it had been selected as the preferred supplier by North Cumbria Integrated Care NHS Foundation Trust (NCIC) for its Electronic Patient Record (EPR) system, following a tender process.

NCIC provide hospital and community health care for approximately half a million people across two acute care hospitals, eight community-based hospitals, eight Integrated Care Communities and a number of support staff locations over a large geographical footprint, working collaboratively with primary care networks, including 39 General Practices and an out of hours GP service.

The contract is expected to be for a 10-year period utilising the full Miya Precision product suite along with partner applications. The solution will provide clinicians real time access to patient records whilst streamlining patient flow and improving clinical decision making process.

Subject to finalisation of the contract, Alcidion is targeting deployment in the 1Q'CY2015. The TCV is expected to be in the rage of $30-$40 million over the ten year period.

The announcements build on the strong 2H'FY24 period with the company having record cash receipts of $18.6 million in 4Q'FY24, resulting in positive cashflow for the quarter and the 2H'FY24.

FY24 revenue is expected to be slightly down on the previous year, in the range of $37-$37.5 million with approximately 74% relating to recurring product revenue and the remaining being services revenue. As at 30 June 2024, the company had $11.8 million cash with no debt. The company has approximately $130 million of contract and renewal revenue able to be recognised from FY25 to FY29, not including any upside expansion from existing customer contracts or the NCIC contract which is yet to be finalised.

SomnoMed Limited (ASX: SOM)

SomnoMed continued the positive momentum from June with the share price up 56.4% in July, although the share price remained down 40% over the 12-months to 31 July 2024.

During the month, SomnoMed announced FY24 revenue (unaudited) of $91.7 million, a 9.6% increase on the pcp and above the top end of the revised guidance. This will be a record annual revenue for the company. The company provided FY24 EBITDA guidance (excluding one-off restructuring costs) of $0.3-$0.8 million, up from the previous guidance of -$1-$0 million. Restructuring costs of $3 million were incurred in 4Q'FY24 with the annualised savings expected to be realised in FY25.

Europe sales continue to be strong, despite the challenges in the 4Q'FY24 with sales of $52.5 million, up 10.8% on the prior year. Growth was also realised in North America and Asia Pacific.

The company had $16.2 million cash as at 30 June 2024 with a low interest government-backed unsecured loan facilities in France and Germany of $1 million. The company's debt facility with Epsilon Direct Lending has been repaid in full which will result in annual interest cost savings of $1.7 million.

The company continues to work on the approval for its Rest Assure product which the company believes will drive growth with the product transforming SomnoMed into a smart, cloud-based ecosystem. Rest Assure enables the collaboration of both medical and dental communities for the benefit of the patient. The FDA regulatory filing was submitted in October 2023 with the response received from the FDA in March. The company is continuing to work through the additional information requested and is expected to provide a response in early September.

Tissue Repair Ltd (ASX: TRP)

Tissue Repair's share price rocketed on the announcement that the company had been granted TGA approval for TR Pro+, an advanced wound healing product containing the proprietary active ingredient, Glucoprime. The product has been approved in 10g and 50g tubes and 3g sachets for distribution in Australia. The share price was up 95.5% on the day of the announcement, finishing the month up 46% as the share price tapered off from the highs earlier in the month.

Sales in June reached a new high with 3Q'FY24 revenue up 130% on the prior quarter driven by distribution expansion, albeit from a low base. This is with the TR Pro+ categorised as a cosmetic. TGA approval is a significant development with the listing allowing the company to expand the use of the product into a broader range of dermatology and aesthetic indications. The company stated in a recent presentation that TR Pro+ has the potential to generate revenue of $10-$50 million in Australia alone, assuming a 10%-20% market penetration rate. This represents the potential for a significant business for the company.

The company expects to commence the Phase 3 trials for the lead candidate, TR987, in the September quarter with an 18-month recruitment period expected. The company will conduct two trials comprising 300 patients each, which will evaluate the use of TR987 gel versus the standard of care in Chronic Venous Insufficiency Leg Ulcers (VLUs). If approved, TR987 would be the first drug approved for the treatment of VLUs in 25 years. The company has stated that it is fully funded for the trials and has no plans to raise additional capital.

The company is going into the Phase 3 trials with confidence, buoyed by the Phase 2 trial results which showed a significant improvement in wound healing. The total addressable market for TR987 is significant with positive readouts likely to support further positive share price momentum.

Amplia Therapeutics Limited (ASX: ATX)

Amplia Therapeutics shares jumped sharply on the back of positive results in the company's pancreatic clinical trial. The company announced that three of the first six patients assessed at the four month time point in the company's Phase 2a ACCENT trial investigating the use of narmafotinib in the treatment of advanced pancreatic cancer had recorded a partial response, meaning patients had experienced a decrease of at least 30% in the size of tumour lesions and recorded no new tumour lesions. In additional to the partial response from 3 patients, two patients recorded sustained stable disease.

The company has completed the enrolment of the first 26 patients in the trial. Once 6 patients have confirmed partial or complete responses an additional 24 patients will be enrolled, for a total of 50 patients for the trial. The results from the initial patients is positive and provides some confidence for the company hitting its 6 partial response requirement from the patient pool. The company has subsequently announced a fourth patient has recorded a partial response.

Narmafotinib is an inhibitor of the protein FAK, a protein over expressed in pancreatic and other cancers, and a drug target gaining increasing attention for its role in solid tumours. The ACCENT trial is exploring the use of narmafotinib in combination with the standard of care chemotherapy treatments of gemcitabine and abraxane. The primary endpoints are Objective Response Rate (ORR) and Duration on Trial, with secondary endpoints being Progression Free Survival and Overall Survival.

With a quarterly cash burn rate over $2.5 million and just shy of $4 million in cash, the company will have to raise additional capital to further propel clinical development activities. If positive results continue from the trial and given the high unmet need for new treatments for pancreatic cancer, we would expect that company to be able to find support from capital markets.

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