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Bioshares

3 November 2021
Edition 905

*Delivering independent investment research to investors on Australian
biotech, pharma and healthcare companies*

Companies covered: Cashflow analysis
(September quarter), ANP, PAB

Extract from Bioshares –

Transformational Capital Raise for Antisense Therapeutics

Antisense Therapeutics (ANP: \$0.22) is conducting a transformational capital raise to fund its Phase II/III clinical study in Duchenne muscular dystrophy (DMD) with its lead drug candidate, ATL1102. The company has received commitments of \$20 million to issue shares at \$0.24, with up to \$16.8 million in an additional rights issue.

The raise comes with attached options that will be exercisable by the end of 2024 at a price of \$0.48. If fully exercised, the options will raise an additional \$36.8 million.

The funds will be sufficient to fund the registration DMD study through to a futility analysis in mid 2023. The Phase II/III study will seek to recruit 114 boys with DMD who will be given either 25mg or 50mg of ATL1102 weekly for a year, with one third of participants to receive a placebo. Over 30 clinical sites are expected to be involved in the study across nine countries in Europe.

The capital raise and progression of the potential registration study follows acceptance from the EMA of the company's proposed Pediatric Investigational Plan. Parexel will coordinate the study.

Bioshares recommendation: Speculative Buy Class A

(The stock has been added to the Bioshares Model Portfolio)

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-35.8%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - May '21)	86.8%
Year 21 (May '21 - Current)	19.4%
Cumulative Gain	2330%
Av. Annual gain (20 yrs)	20.7%

Bioshares Model Portfolio (3 November 2021)

Company	Code	Price (current)	Price added to portfolio	Recommendation	Cap'n (\$M)
Clinuvel Pharmaceuticals	CUV	\$39.73	\$20.31	Accumulate	\$1,963
Immutep	IMM	\$0.60	\$0.32	Spec Buy A	\$511
Opthea	OPT	\$1.24	\$0.16	Spec Buy A	\$431
Aroa Biosurgery	ARX	\$1.11	\$1.11	Spec Buy A	\$379
Cogstate	CGS	\$2.21	\$0.24	Accumulate	\$378
Antisense Therapeutics	ANP	\$0.22	\$0.22	Spec Buy A	\$160
Micro-X	MX1	\$0.31	\$0.38	Spec Buy A	\$143
Cynata Therapeutics	CYP	\$0.60	\$0.70	Spec Buy A	\$86
Dimerix	DXB	\$0.25	\$0.09	Spec Buy A	\$62
Patrys	PAB	\$0.037	\$0.013	Spec Buy B	\$76
Pharmaxis	PXS	\$0.12	\$0.26	Spec Buy A	\$52
AcruX	ACR	\$0.12	\$0.31	Spec Buy A	\$34

IN: Aroa Biosurgery has been added at \$1.11. Antisense Therapeutics has been added at \$0.22

OUT: No changes

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How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Some Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows.

- Buy** CMP is 20% < Fair Value
- Accumulate** CMP is 10% < Fair Value
- Hold** Value = CMP
- Lighten** CMP is 10% > Fair Value
- Sell** CMP is 20% > Fair Value
(CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages of commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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