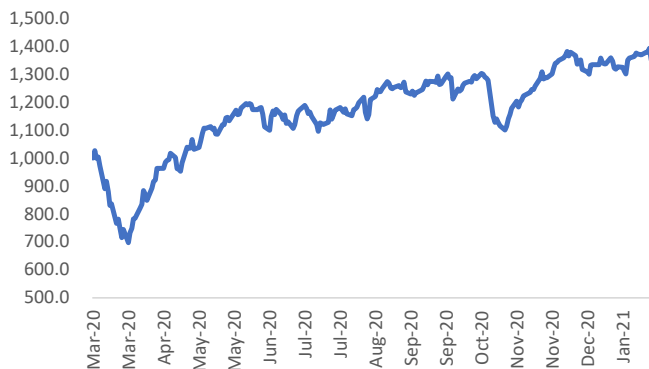




SECTOR OVERVIEW

Welcome to the first edition of the Pharma & Biotech Newsletter for 2021. To begin with let's take a look at how the IIR Pharma & Biotech Index has begun the new year. The sector started the year fairly muted with the Index up just 0.5% in January. This was in line with the broader market, with the ASX All Ordinaries Accumulation Index up 0.3%.

IIR Pharma & Biotech Index¹



The top 10 constituents were a drag on the index, falling 2.1% in January. Imugene Limited (ASX: IMU) fell out of the top 10, with Starpharma Holdings Limited (ASX: SPL) re-joining the top 10.

PME, the largest company in the index, was clearly the best performer in the top 10 in January, with the share price increasing 25.4%. The share price was buoyed by the announcement of a \$40 million, 7-year contract with Intermountain Healthcare for Visage to replace legacy PACS and their speciality systems across Intermountain Healthcare's 24 hospitals and 200+ clinics.

Top 10 Constituents of IIR Pharma & Biotech Index at 31 January 2021

Company	ASX Code
Pro Medicus Limited	PME
Nanosonics Limited	NAN
Polynovo Limited	PNV
Mesoblast Limited	MSB
Telix Pharmaceuticals Limited	TLX
Clinuvel Pharmaceuticals Limited	CUV
Opthea Limited	OPT
Starpharma Holdings Limited	SPL
Paradigm Biopharmaceuticals Limited	PAR
Mayne Pharma Group Limited	MYX

THE BEST PERFORMERS OF 2020

We thought we'd kick off the year by taking a look at the top performing companies in the index for 2020. The top 10 performers are tabled below. There were some impressive returns for some of the companies in the index with 29 companies share prices rising by 100% or more. Race Oncology Ltd was the best performer for the year with the share price increasing 821.1%. 4DX was one of the best performers after only listing in August 2020. We note, the performance of 4DX is based on the IPO offer

price of \$0.73 per share. We take a look at the top five performers in a bit more detail below.

Best Performers of 2020

Company	ASX Code	Share Price Performance
Race Oncology Ltd	RAC	821.1%
Rhythm Biosciences Limited	RHY	669.2%
Cryosite Limited	CTE	645.3%
Imagion Biosystems Limited	IBX	520.9%
Anteotech Ltd	ADO	387.4%
Emvision Medical Devices Ltd	EMV	324.5%
Amplia Therapeutics Limited	ATX	287.3%
4Dmedical Limited	4DX	232.9%
Global Health Limited	GLH	224.1%
Imugene Limited	IMU	212.5%

Race Oncology Ltd (ASX: RAC)

RAC was the best performing stock in the IIR Pharma & Biotech Index in 2020, with the stock price increasing 821.1% from \$0.19 on 1 January 2020 to \$1.75 at 31 December 2020. The positive momentum has continued into 2021, with the share price hitting new highs in early February.

The share price increase was driven by a number of positive results received for the company's lead drug candidate, Bisantrone. In June 2020, the company announced the Phase II clinical trials results from the use of Bisantrone in relapsed or refractory Acute Myeloid Leukaemia (R/R AML), a disease with no clearly established standard of care. Bisantrone was found to be well tolerated and after only a single course of treatment had an overall clinical response rate of 40%. Of the 10 patients treated, one patient achieved a complete remission and three patients achieved partial remission. The number of patients treated was small, however, the study treated patients with R/R AML who on average had failed three prior lines of treatment. This makes the findings significant.

During the second half of the year, the company expanded its strategic direction after a scientific publication showed Bisantrone to be a potent inhibitor of Fat Mass and Obesity-associated (FTO) protein. Research has shown the FTO protein plays a central role in the proliferation of a wide range of cancers. This new data has transformed the potential use of Bisantrone from a chemotherapeutic to a targeted therapeutic agent with broad application across oncology.

The company unveiled its Three Pillar strategy in November 2020 to unlock the potential opportunity of the use of Bisantrone as a precision oncology target as well continuing to pursue the opportunities of the use of Bisantrone as chemotherapeutic agent in AML and Breast Cancer. The company is progressing with a number of clinical trials across all three areas of opportunity. This is definitely a company to keep an eye on in 2021.

1. The IIR Pharma & Biotech Index is a market capitalisation weighted index and currently includes 143 stocks across the Pharmaceutical, Biotech, Health Care Suppliers, Health Care and Equipment, Health Care Technology and Life Sciences GICs sectors. The index excludes the five largest companies in these sectors being ANN, COH, CSL, FPH and RMD.

Rhythm Biosciences Limited (ASX: RHY)

The share price of RHY performed strongly over 2020, with the large portion of the increase taking place in the second half of the year.

RHY is a predictive cancer diagnostics technology company, the lead product of which is "ColoSAT," an early detection test for colorectal cancer. ColoSTAT seeks to more accurately detect colorectal cancer via a simple, accurate, low-cost blood test and is aimed at global mass-market screening.

Development of ColoSTAT is progressing with preliminary results from the prototype test-kit demonstrating superior performance to both the market standard faecal immunochemical test and commercially sourced biomarker test kits based on testing undertaken by the CSRIO. In addition to completing the prototype test-kit, the company completed a number of milestones during 2020, including: technically validating the key lead and four adjuvant biomarkers, appointment of additional clinical trial sites, ISO13485 Quality Management System certification maintained, completed reagent development program, appointment of global manufacturer and bolstering the IP for ColoSTAT. In January another milestone was reached, with the completion of the initial manufacturing of ColoSTAT test-kits, with performance and verification testing being completed.

RHY's share price has continued its positive momentum in 2021. We anticipate further progression of the development of ColoSTAT will be a catalyst for the share price.

Cryosite Limited (ASX: CTE)

CTE finished the year trading at \$0.395 per share, up from \$0.053 per share at the beginning of 2020.

CTE provides supply chain logistics, management of pharmaceutical products in clinical trials and management of biological materials and long-term storage of cord blood and tissue samples.

During 1H'CY20, the company focused on positioning the company for long-term growth, spending \$1 million on infrastructure and operating improvements. This has positioned CTE to take on far larger markets by expanding services into adjoining markets and customers.

The company operates predominantly in the clinical trial logistics market. This is subject to stringent international standards and Australian government mandated compliance and licencing requirements, creating high barriers to entry. These same standards apply to products listed on the Register of Therapeutic Goods, which represent a much larger market than clinical trial logistics. The company will be seeking to expand into this market with a focus on attracting low volume, high value, temperature controlled, highly regulated drugs, which is CTE's speciality.

CTE reported FY20 revenue of \$8.9 million, up 12.7% on the pcp, and NPAT of \$1.5 million, a turn around from the \$0.6 million loss in FY19. The company has started off FY21 on a positive note, with 1Q'FY21 sales revenue increasing 22% and positive operating cashflow of \$248,000. At 30 September 2020, CTE had cash of \$4.1 million.

The company has experienced significant challenges over the last few years with the share price falling from a high of \$0.60 per share in October 2013 to a low of \$0.03 in 2019. Given the challenges experienced, the company is progressing with cautious optimism with respect to generating a return on capital.

Imagion Biosystems Limited (ASX: IBX)

IBX is developing a new non-radioactive and safe diagnostic imaging technology. Using its MagSense technology, the company is focused on the detection of cancer and other diseases earlier and with higher specificity than is currently possible. The MagSense System and Test for staging HER2 breast cancer received a Breakthrough Device designation from the FDA in July 2019.

During 2020, the company took significant steps towards the development of its early detection technology culminating with the company gaining approval from the Human Research Ethics Committee (HREC) for the MagSense Phase I clinical study for metastatic breast cancer with enrolments for the study commencing in December. The study will be conducted in Australia with Monash Health being the first clinical site for the study.

The company raised \$11 million (before costs) in the 1H'FY21 to progress development of the MagSense technology. Funds will enable the company to accelerate development plans in parallel with the Phase I study, including scaling up manufacturing, product development for additional indicators, and a larger pivotal study in the US.

Anteotech Ltd (ASX: ADO)

ADO had a breakout year in 2020 with the share price up 387.4% and the positive momentum has continued into 2021 with the share price hitting new 52 week highs.

In July 2020, the company announced the development of a high sensitivity rapid antigen test for COVID-19 using the company's activated Europium particle technology.

The company promptly completed Proof of Concept and Design Verification phases of development with high sensitivity achieved in the internal Design Verification stage, the results of which were verified by an independent study.

The company has progressed to clinical trials which will be followed by commercialisation if the trials are successful. The company is expecting to have the product ready for launch to the market in 3-5 months. The company is also seeking to combine the test to detect COVID-19 and Flu A/B from a single test.

Further progress towards commercialisation of the COVID-19 rapid antigen test is expected to act as a further catalyst for the share price.

COMPANY NEWS

Below we look at stocks in the IIR Pharma & Biotech Index that made notable announcements during the month that were received well by the market. These include: Prescient Therapeutics Limited (ASX: PTX), Nyrada Inc (ASX: NYR); Noxopharm Limited (ASX: NOX); Antisense Therapeutics Limited (ASX: ANP); and Rhythm Biosciences Limited (ASX: RHY).

Prescient Therapeutics Limited (ASX: PTX)

PTX performed strongly in January with the share price up 64.2%. During the month, the company announced the internal development program for the OmniCAR platform.

The development program will focus on cancer targets for three indications where first generation CAR-T therapies have faced challenges and where the OmniCAR platform may improve treatment. The program will include:

- ◆ OmniCAR CD33 and CLL-1 for Acute Myeloid Leukaemia (AML);
- ◆ OmniCAR HER2 for HER2+ solid tumours including breast, ovarian and gastric cancers; and
- ◆ OmniCAR HER2 and EGFRviii for glioblastoma multiforme (GBM).

The OmniCAR technology is expected to provide benefits over current generation CAR-T therapies including: titration for improved safety; the ability to switch antigen targeting; co-arming CAR-T against multiple antigens simultaneously; persistent dosing; and tumour microenvironment enhancements to improve efficacy.

The development program will move the platform towards clinical programs in addition to demonstrating the features of the technology to unlock future value.

Nyrada Inc. (ASX: NYR)

NYR is a drug discovery and development company specialising in novel small molecule drugs to treat cardiovascular and neurological diseases. The company has two main programs: (1) cholesterol-lowering drug; and (2) a drug to treat brain injury, specifically traumatic brain injury and stroke.

During the month, the company announced further results from the NYX-PCSK9i *In Vivo* study. The study is seeking to evaluate the effectiveness of the company's PCSK9 inhibitor to lower LDL-cholesterol, a leading cause of cardiovascular disease.

The results built on the previously announced 57% reduction in total cholesterol, showing that LDL cholesterol levels were lowered in a dose-dependent manner. The data supports the continued development of the drug candidate towards in-human clinical trials. It also confirms the use of NYX-PCSK9i as a potential oral treatment that can be combined with a statin to assist those patients that can't reach their targeted LDL cholesterol levels by taking a statin alone.

The next step for the company in addition to further safety testing is to determine the level of enhancement that can be achieved by combining NYX-PCSK9i with statin, the most commonly prescribed drug to lower cholesterol.

NYR plans to develop an oral medication for patients with high cholesterol giving them a more convenient option than the current treatment, which involves regular injections.

NYR's share price was up 62.5% in January to close the month trading at \$0.39. This is a 95% increase on the IPO offer price of \$0.20 in January 2020.

Noxopharm Limited (ASX: NOX)

NOX's share price continued its positive momentum in January, with the share price up 41.8% for the month.

The market responded positively to the Shareholder Update provided by the company. The company is progressing the development of its lead drug candidate, Veyonda. Veyonda seeks to be used as an adjuvant to existing cancer treatments to reduce resistance to these treatments and allow them to be more effective in targeting cancerous cells.

The company is currently progressing three studies with Veyonda:

- ◆ IONIC study - a Phase I/II study testing the ability of Veyonda to boost the response to Bristol Myers Squibb's immuno-oncology drug, Opdivo.

- ◆ LuPIN study - a Phase II study to test the ability of Veyonda to boost the response to Novartis's radiopharmaceutical, LuPSMA-617.

- ◆ DARRT-2 study - a Phase II study testing the ability of Veyonda to achieve high rates of abscopal effect in patients with prostate, breast or lung cancers. An abscopal response occurs when the treatment of a targeted tumour with radiotherapy results in the concurrent shrinkage of non-targeted tumours.

If Veyonda is proven effective, we expect this to be a highly valuable drug and we expect positive results from the studies to continue to be catalysts for the share price.

Antisense Therapeutics Limited (ASX: ANP)

ANP's share price increased 38.5% with the share price boosted by the initiation of broker coverage.

ANP is developing ATL1102, an antisense inhibitor of the CD49d receptor for Duchenne Muscular Dystrophy (DMD) patients. ATL1102 has completed a Phase II efficacy and safety trial, significantly reducing the number of brain lesions for patients with relapsing-remitting multiple sclerosis.

In 4Q'CY2020, ATL1102 received Orphan Drug Designation for DMD in both Europe and the US. Orphan status provides development and marketing incentives, such as reduced fees, scientific advice and market exclusivity for a period of time upon regulatory approval.

In November 2020, the company dual listed on the Frankfurt Stock Exchange in an effort to broaden the international investor base in line with the planned clinical development of ATL1102.

Rhythm Biosciences Limited (ASX: RHY)

RHY continued its positive momentum with the share price up a further 34.3% in January. As discussed above, RHY was one of the best performers in the Pharma & Biotech Index in 2020.

RHY is a predictive cancer diagnostics technology company, the lead product of which is "ColoSAT", an early detection test for colorectal cancer. ColoSTAT seeks to more accurately detect colorectal cancer via a simple, accurate, low-cost blood test and is aimed at global mass-market screening.

During the month, RHY announced that the initial manufacturing of the ColoSTAT test-kits had been completed and that the clinical trial had been expanded to a 10th site.

We anticipate the continued progression of the development of ColoSTAT will be a further catalyst for the share price.

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