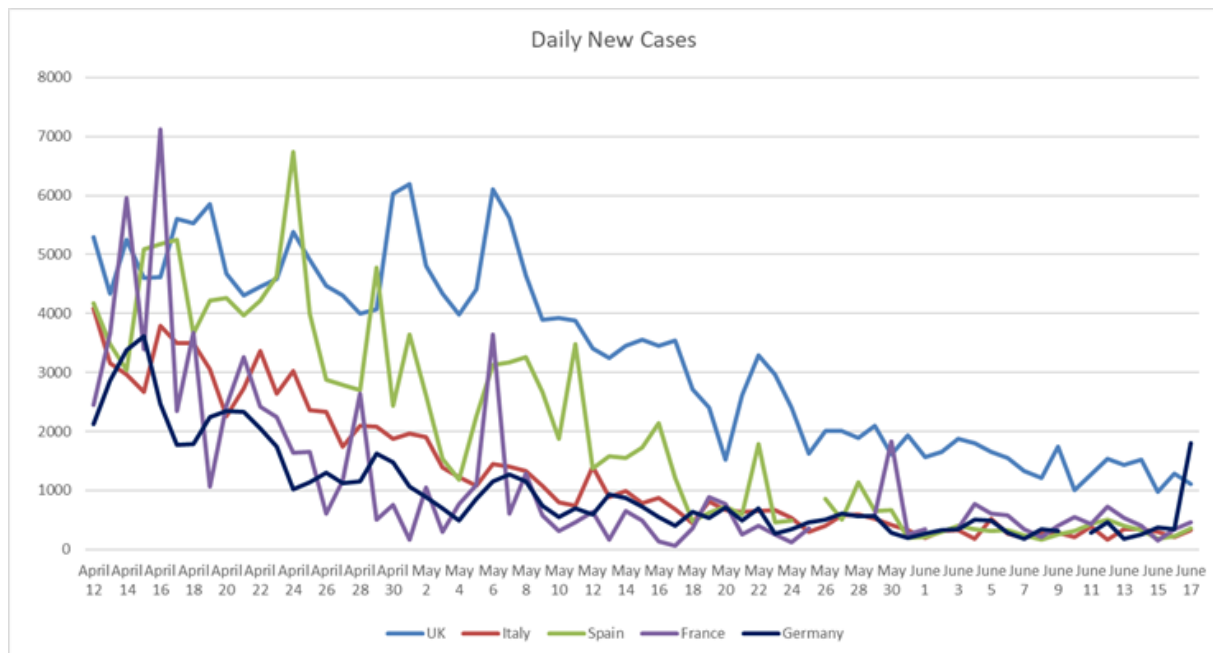


**Weekly thoughts on the healthcare sector from finnCap's life sciences analysts: Mark Brewer and Arshad Ahad**

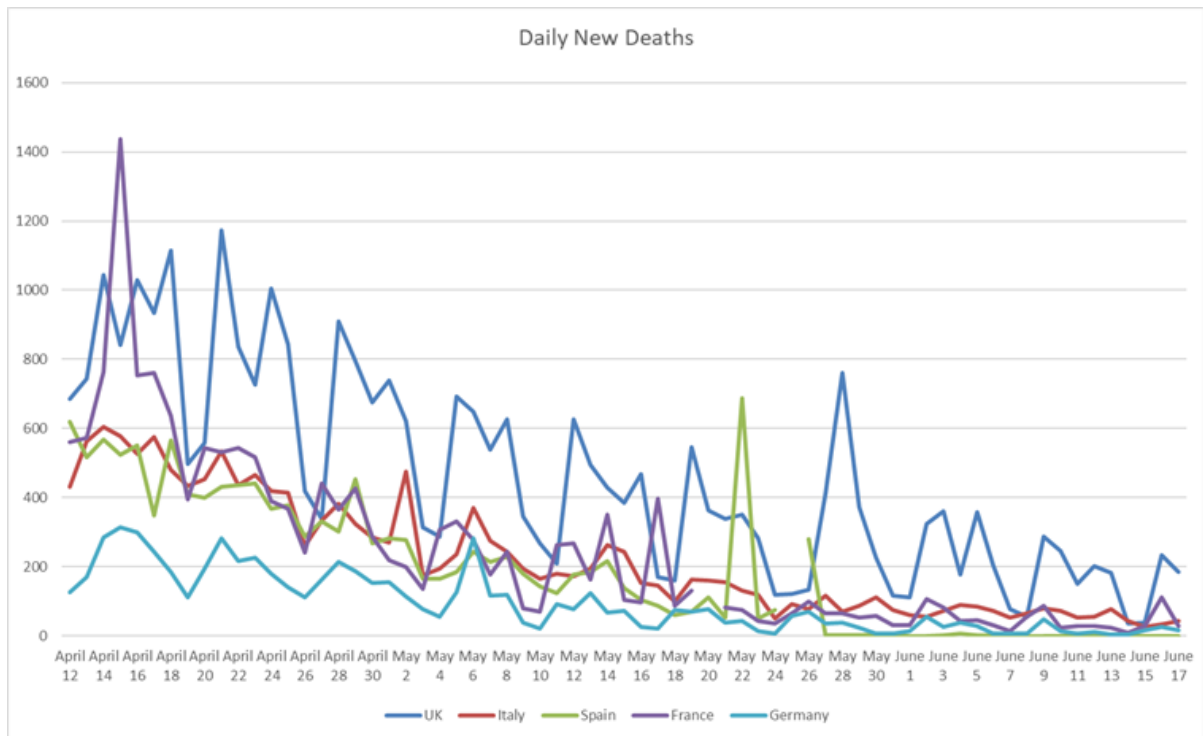
Market	Last	-1D	-1M	-3M	-12M	YTD	Health	Last	-1D	-1M	-3M	-12M	YTD
MSCI World Index	1,697	-0.1%	6.2%	29.7%	2.8%	-5.7%	MSCI World Pharma/Biotech	217	-0.4%	-0.9%	18.7%	13.4%	1.8%
FTSE All Share	3,489	-0.4%	3.9%	24.8%	-15.1%	-17.8%	FTSE All Share Health	12,899	-1.5%	-2.9%	22.6%	14.3%	0.2%
AIM All Share	889	0.1%	7.5%	50.6%	-5.4%	-7.3%	AIM Health	10,578	1.2%	3.6%	48.0%	-0.6%	2.0%
AIM 100	4,564	-0.1%	7.7%	51.6%	-7.2%	-7.6%							

- The following figure shows Germany's sudden rise to have the highest number of daily COVID-19 cases in Europe on Wednesday
- This was primarily due to 657 new positive cases from an outbreak at an abattoir
- In response to the outbreak, local authorities suspended schools and childcare centres in the region until the end of the month
- This is a good example of how quickly the situation can change, and demonstrates the continued need for social distancing and vigilance, despite the decreasing number of cases



Source: Worldometer, finnCap

- Spain has reported 0 deaths due to COVID-19 since June 8
- The daily COVID-19 death rate in the UK remains the highest in Europe, with 233 deaths reported on Tuesday.



Source: Worldometer, finnCap

## Treatment update: Breakthrough Discovery

### Dexamethasone: Lifesaving, generic drug

- “The most important trial result for COVID-19 so far” according to Prof Chris Whitty, the Chief Medical Officer for England.
- Preliminary results from UK RECOVERY (Randomised Evaluation of COVID-19 Therapy) the largest randomised placebo-controlled trial in the world, has shown that dexamethasone can be lifesaving for critically ill COVID-19 patients. This is the first treatment to show reduced mortality in patients (Remdesivir, for comparison, has been shown to reduce the duration of illness from 15 days to 11)
- Dexamethasone is a generic steroid which is used to reduce inflammation in a range of conditions, including arthritis, asthma, certain cancers and skin conditions. It has been used since the 1960s and is available affordably in most countries. It is given intravenously for intensive care and in tablet form for less seriously ill patients.
- Dexamethasone cut the risk of death for patients on ventilators from 40% to 28%, and 25% to 20% for patients needing oxygen.
- Previous WHO guidance for the management of severe acute respiratory infection in patients with COVID-19 is to avoid the routine use of systemic corticosteroids. Dexamethasone should only be used in the late phases of the disease as it reduces ‘cytokine storm’ effects that result in increased mortality. In the early phases of COVID infection, steroid use is contraindicated as it dampens down the immune system at a time when the patient needs it to be fully functional to combat the viral threat.

### **Avacta: Progress on potential COVID-19 Affimer therapeutic**

- Avacta\* (AIM:AVCT): Further to its announcement on 15 May that it had generated Affimers that block the interaction of the SARS-CoV-2 virus with ACE2, a receptor on human cells
- that is key to the virus infecting cells, Avacta yesterday announced that these 'neutralising' Affimers prevent a SARS-CoV-2 model virus from entering human cells; thus providing further data to support the concept of a COVID-19 therapeutic.
- These data are very encouraging and, together with ongoing work, will be used to secure a licence with a pharmaceutical partner.
- We leave our target price under review, although using a SOTP analysis, it is easy to generate a valuation that is substantially in excess of the current market capitalisation.

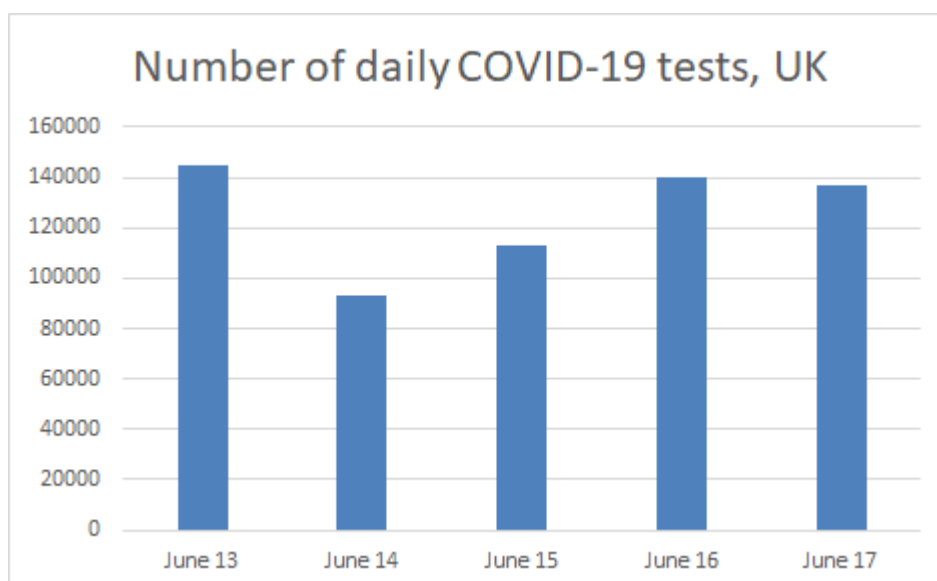
### **Synairgen: National expansion of home-based COVID-19 trial of SNG001**

- Synairgen's\* trial of SNG001 (inhaled formulation of interferon beta) in COVID-19 patients has been expanded beyond the Southampton area to include patients from across the UK
- This positive development should accelerate trial enrolment rates
- We await the results from the initial 100 COVID-19 hospitalised patients in July, followed by the interim results from the COPD study later in the summer.
- We reiterate our rNPV-based target price of 120p, of which c.80p relates to the use of SNG001 in COVID-19 disease. The successful completion of this Phase II study (SG016) would imply a rNPV of as much as c.£475m or a c.360p target price.

### **Evgen: Phase II/III trial of SFX-01 COVID-19 patients**

- Evgen\* announced that the University of Dundee is to lead a 300-patient randomised, double-blind, placebo-controlled Phase II/III trial using SFX-01 in COVID-19 patients, funded by sought-after LifeArc grant money.
- This is the fourth potential investigator-led study that Evgen has entered, with data readout from this study expected in 2021, whilst the others have yet to secure grant funding.
- We reiterate our target price of 25p (based on current breast cancer Phase II data), which excludes any value for SFX-01 in other indications such as autism, NASH, CKD and now potentially COVID-19.

## Testing update



Source: Department of Health and Social Care, finnCap

### Omega Diagnostics: finnCap leading £11m fundraise

- Today, finnCap is leading a £11m fund raise for Omega Diagnostics (AIM:ODX).
- The proceeds of the fundraise will be used to expand COVID-19 testing opportunities, scale up manufacturing, undertake work to improve the margin of its VISITECT CD4 products and to expand its lateral flow product portfolio with products which are complementary to its VISITECT CD4 products.
- As ODX is the manufacturing partner to both the UK Rapid Test Consortium (point of care antibody test) and Mologic (for multiple opportunities: a lab-based ELISA antibody and antigen test, and point of care antibody and antigen lateral flow diagnostics tests), we expect multiple drivers over the balance of 2020.
- Our target price is under review, but COVID-19 potential revenues and a sum-of-the-parts analysis indicates a potential valuation that is substantially in excess of the current market capitalisation.

### Novacyt: Three new products to support COVID-19 testing

- Novacyt (AIM:NCYT) announced the launch of three new products to support lab testing for COVID-19: Exsig Direct, Exsig Mag and COVID-HT.
- Exsig Direct and Mag are two RNA extraction kits to help address the current global shortfall in extraction reagents required to perform PCR testing.
- COVID-HT is a new test for COVID-19 optimised for use in labs performing high volumes of tests. Test components are packaged to facilitate a more streamlined workflow in a highly automated lab setting.
- On June 2, NCYT announced total sales and confirmed orders of £120m for its COVID-19 tests.

### Yourgene: COVID-19 testing collaborations

- Yourgene (AIM: YGEN) announced a collaboration agreement with international payments company Caxton and immunity passport app Prova, which once launched

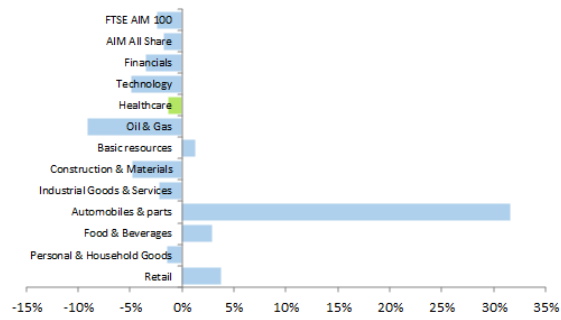
will support efforts to get Britons back to work through testing employees for COVID-19.

- Prova enables employees to download and request a COVID-19 test. Once a sample has been taken and processed, the results will be automatically delivered securely to the Prova app, allowing the user to share their COVID-19 status without revealing any personal information.
- YGEN's responsibilities will lie in providing clinical and technical expertise, providing the sample collection kits and training a healthcare professional to take samples and then run them in YGEN's Manchester facility.
- YGEN is still on track to release a 'Research Use only' version of its Clarigene SARS-CoV-2 test by the end of June 2020, and achieve a CE marketed in vitro diagnostic kit to follow in July 2020.

## Track and trace update

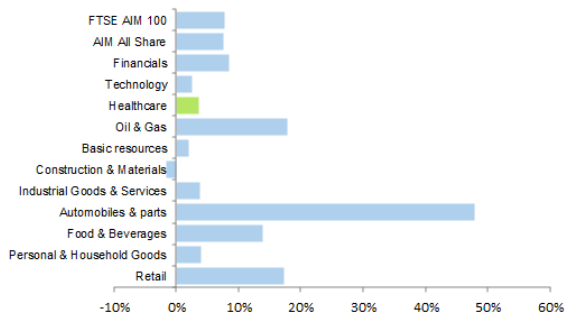
- In the first 2 weeks of operation to 10 June, the service was given the details of 14,000 people to follow up. However, fewer than 10,200 people could be reached, due to issues such as incorrect contact details and missed calls.
- Nine in 10 close contacts provided by people testing positive were found and asked to self-isolate. That equated to more than 87,000 individuals.
- However, it is not known how quickly those close contacts are being reached after the positive case is tested, to be most effective, this should be done within 48 hours of the test being carried out.

**FTSE AIM all share sector performance (1 week)**



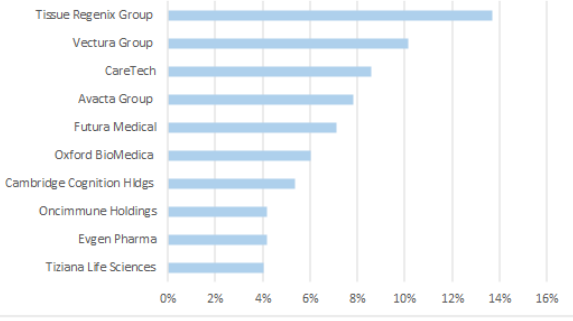
Source: FactSet

**FTSE AIM all share sector performance (1 month)**



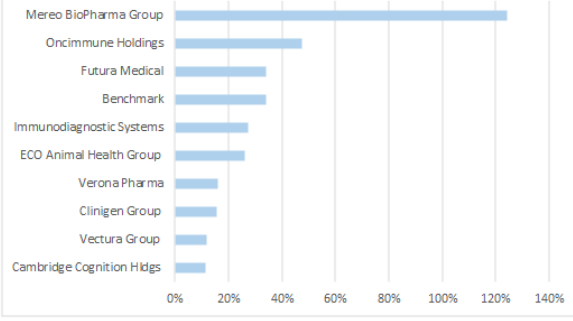
Source: FactSet

**finnLife 50 - Top ten price performers (past week)**



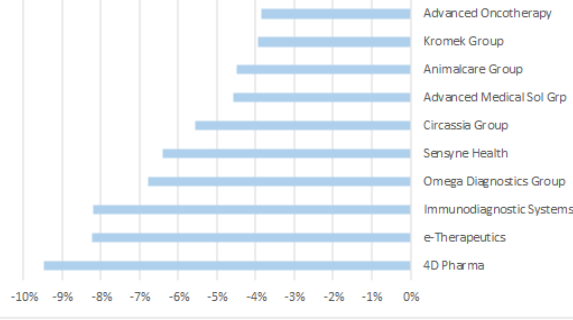
Source: FactSet

**finnLife 50 - Top ten price performers (past month)**



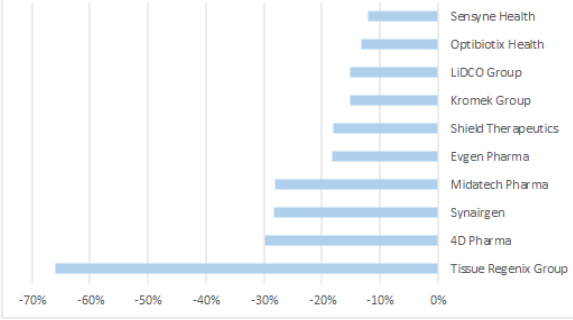
Source: FactSet

**finnLife 50 - Bottom ten price performers (past week)**



Source: FactSet

**finnLife 50 - Bottom ten price performers (past month)**



Source: FactSet

Company	Date	Title	Research Type
Synairgen*	18-Jun	COVID-19 home setting trial amendments	<a href="#">Morning Note</a>
Avacta*	18-Jun	Potential COVID-19 therapeutic – progress	<a href="#">Morning Note</a>
Evgen Pharma*	17-Jun	Investigator-led study in COVID-19	<a href="#">Morning Note</a>
genedrive*	17-Jun	Conversion of \$8m convertible bond	<a href="#">Company Note</a>
Circassia Group*	16-Jun	FY 2019 results	<a href="#">Company Note</a>
Open Orphan*	15-Jun	Positive Phase I Results for Mosquito Saliva Vaccine	<a href="#">Morning Note</a>
Evgen Pharma*	15-Jun	FY 2020 results	<a href="#">Company Note</a>
Open Orphan*	11-Jun	Major contract signed with leading pharma company	<a href="#">Morning Note</a>
Byotrol*	11-Jun	Introducing FY 2021 forecasts	<a href="#">Company Note</a>
Omega Diagnostics*	09-Jun	Additional Mologic agreement and trading update	<a href="#">Morning Note</a>
Avacta*	09-Jun	COVID-19 test update with Adeptrix	<a href="#">Morning Note</a>
Omega Diagnostics*	09-Jun	Additional Mologic agreement and trading update	<a href="#">Company Note</a>

### Upcoming roadshows and events

Company Name	Ticker	Event Type	Management	Date(s) - 1:1's & Group meetings available
Angle plc*	AGL	Preliminary Results Roadshow Calls	Andrew Newland, CEO Ian Griffiths, CFO	25th & 26th June – Conference Calls
Cambridge Cognition Limited*	COG	Virtual Capital Markets Showcase	Matthew Stork, CEO Nick Walters, CFO	30th June - Webex

**An archive of previous Health Matters can be found [here](#).**

To UNSUBSCRIBE, please simply reply to that effect.

\*Denotes corporate client of finnCap. This research cannot be classified as objective under finnCap research policy.

^ This company and finnCap have agreed that finnCap will produce and disseminate research and finnCap may receive remuneration in return for this service. This research cannot be classified as objective under the finnCap research policy.

**A marketing communication under FCA Rules, this document has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.**

This research cannot be classified as objective under finnCap Ltd. research policy. Visit [www.finncap.com](http://www.finncap.com)

**MAR** Research disclosures can be found at <http://www.finncap.com/disclosures>

The recommendation system used for this research is as follows. We expect the indicated target price relative to the FT All Share Index to be achieved within 12 months of the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance >10% and a 'Sell' indicates expected underperformance of >10%.

Approved and issued by finnCap Ltd. for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to Professional customers. Retail customers who receive this document should ignore it. finnCap Ltd. uses reasonable efforts to obtain information from sources which it believes to be reliable, but it makes no representation that the information or opinions contained in this document are accurate, reliable or complete. Such information and opinions are provided for the information of finnCap Ltd.'s clients only and are subject to change without notice. finnCap Ltd.'s salespeople, traders and other representatives may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to or inconsistent with the opinions expressed herein. This document should not be copied or otherwise reproduced. finnCap Ltd. and any company or individual connected with it may have a position or holding in any investment mentioned in this document or a related investment. finnCap Ltd. may have been a manager of a public offering of securities of this company within the last 12 months, or have received compensation for investment banking services from this company within the past 12 months, or expect to receive or may intend to seek compensation for investment banking services from this company within the next three months. Nothing in this document should be construed as an offer or solicitation to acquire or dispose of any investment or to engage in any other transaction. finnCap Ltd. authorised and regulated by the Financial Conduct Authority, London E14 5HS, and is a member of the London Stock Exchange.