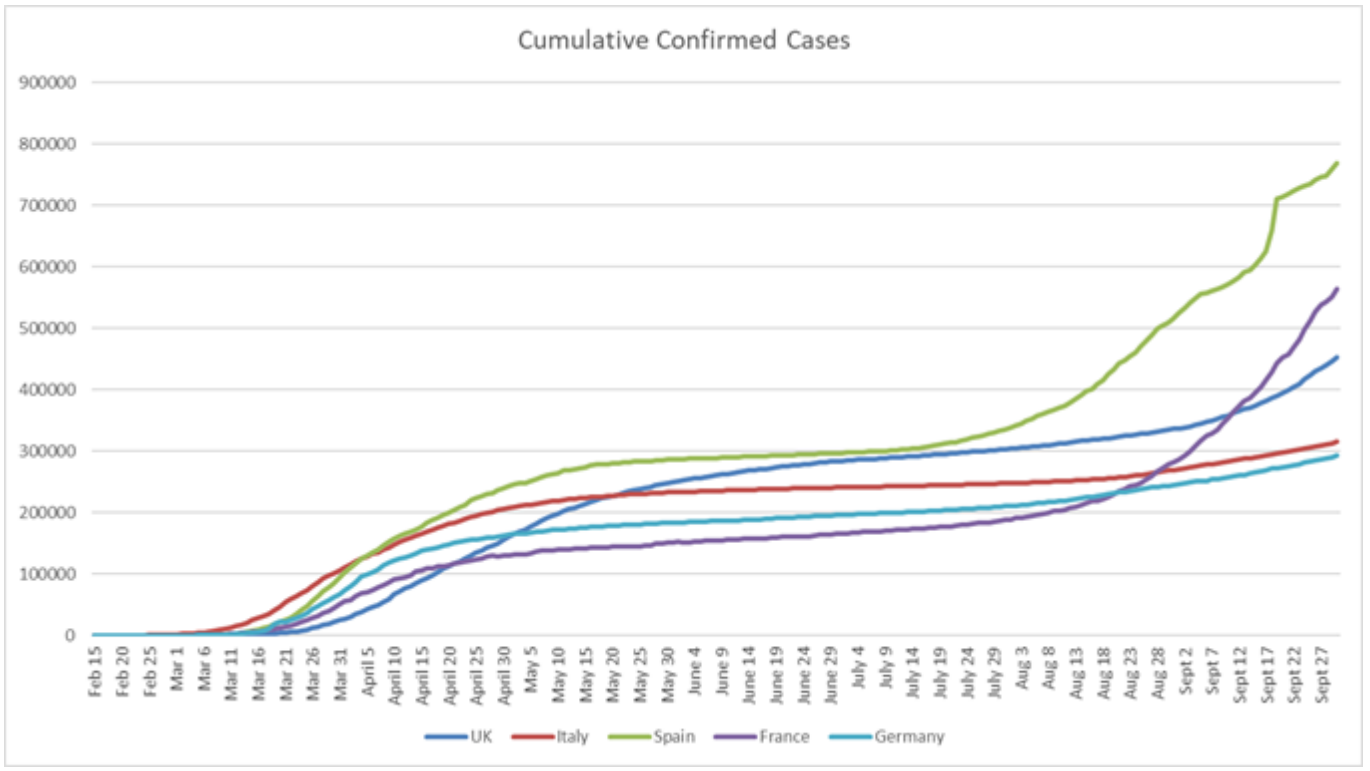
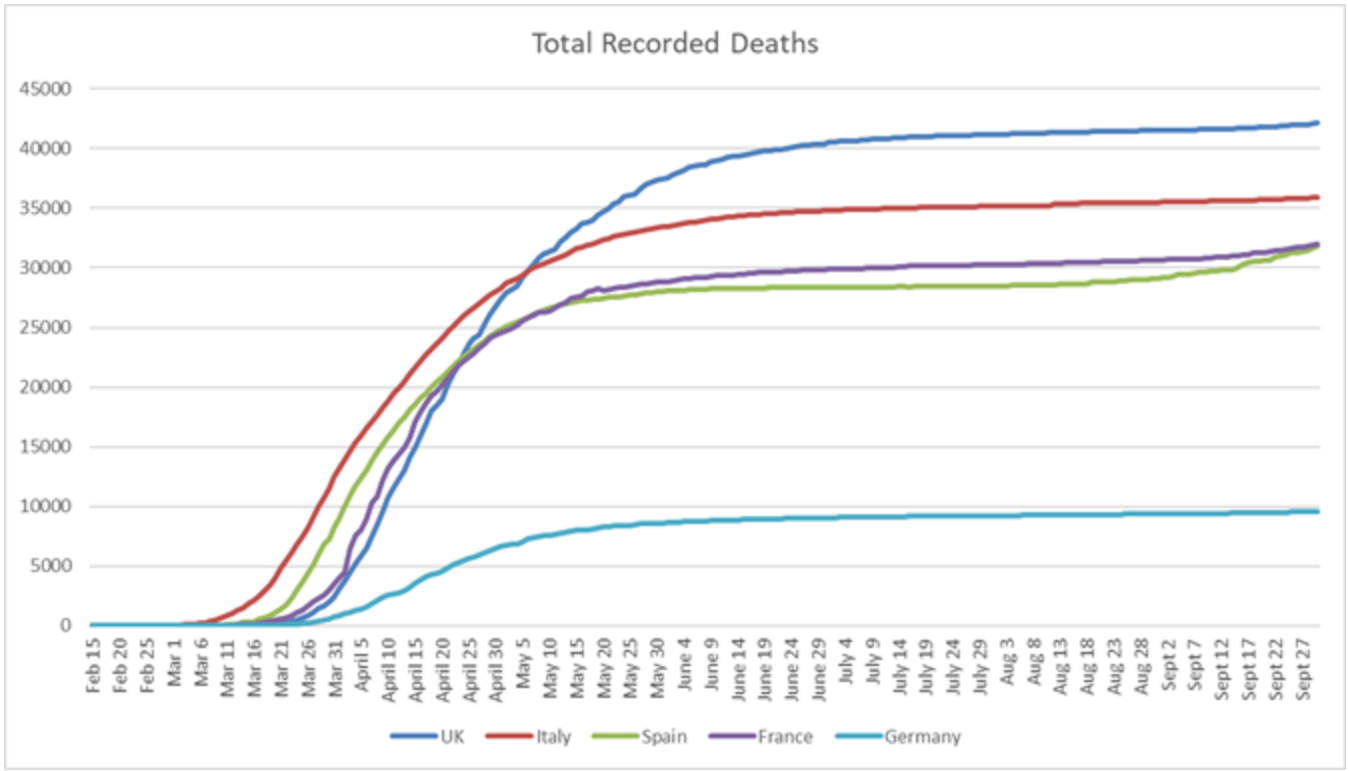
Weekly thoughts on the healthcare sector from finnCap's life sciences analysts: Mark Brewer and Arshad Ahad

Market	Last	-1D	-1M	-3M	-12M	YTD	Health	Last	-1D	-1M	-3M	-12M	YTD
MSCI World Index	1,794	0.2%	-3.2%	6.3%	6.8%	-0.3%	MSCI World Pharma/Biotech	219	0.2%	-0.5%	0.6%	15.2%	2.6%
FTSE All Share	3,303	-0.3%	-1.8%	-3.8%	-19.2%	-21.8%	FTSE All Share Health	12,389	-0.4%	0.5%	-3.2%	-1.3%	-3.8%
AIM All Share	967	0.3%	-0.4%	8.6%	9.9%	0.2%	**AIM Health**	11,316	1.0%	-2.0%	6.1%	22.8%	9.1%
AIM 100	4,944	0.3%	0.0%	7.9%	9.9%	-0.7%							

- The second wave of COVID-19 cases across Europe continues
- As an example, there are currently only 9 countries to which Britons can travel without either quarantining or having to take a COVID-19 test, and 4 of these are at risk of being taken off the safe travel list (Italy, Greece, Poland and Sweden).
- New social restrictions imposed in the UK have not yet had an effect on infection rates. On September 29, there were 7,143 cases, which is the second highest daily number of cases recorded in the UK since the beginning of this pandemic (although it must be noted that testing rates are much higher now). On September 30, there were a similar number of cases: 7,108.
- Worryingly, COVID-19 deaths have also started to rise again. On both September 29, and September 30, there were 71 deaths, the highest number of deaths since 1 July.
- Sources for the following graphs: Worldometer, finnCap.


Cumulative Confirmed Cases
900000
800000
700000
600000
500000
400000
300000
200000
100000
0
Feb 15
Feb 20
Feb 25
Mar 1
Mar 6
Mar 11
Mar 16
Mar 21
Mar 26
Mar 31
April 5
April 10
April 15
April 20
April 25
April 30
May 5
May 10
May 15
May 20
May 25
May 30
June 4
June 9
June 14
June 19
June 24
June 29
July 4
July 9
July 14
July 19
July 24
July 29
Aug 3
Aug 8
Aug 13
Aug 18
Aug 23
Aug 28
Sept 2
Sept 7
Sept 12
Sept 17
Sept 22
Sept 27
UK
Italy
Spain
France
Germany


Total Recorded Deaths
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
Feb 15
Feb 20
Feb 25
Mar 1
Mar 6
Mar 11
Mar 16
Mar 21
Mar 26
Mar 31
April 5
April 10
April 15
April 20
April 25
April 30
May 5
May 10
May 15
May 20
May 25
May 30
June 4
June 9
June 14
June 19
June 24
June 29
July 4
July 9
July 14
July 19
July 24
July 29
Aug 3
Aug 8
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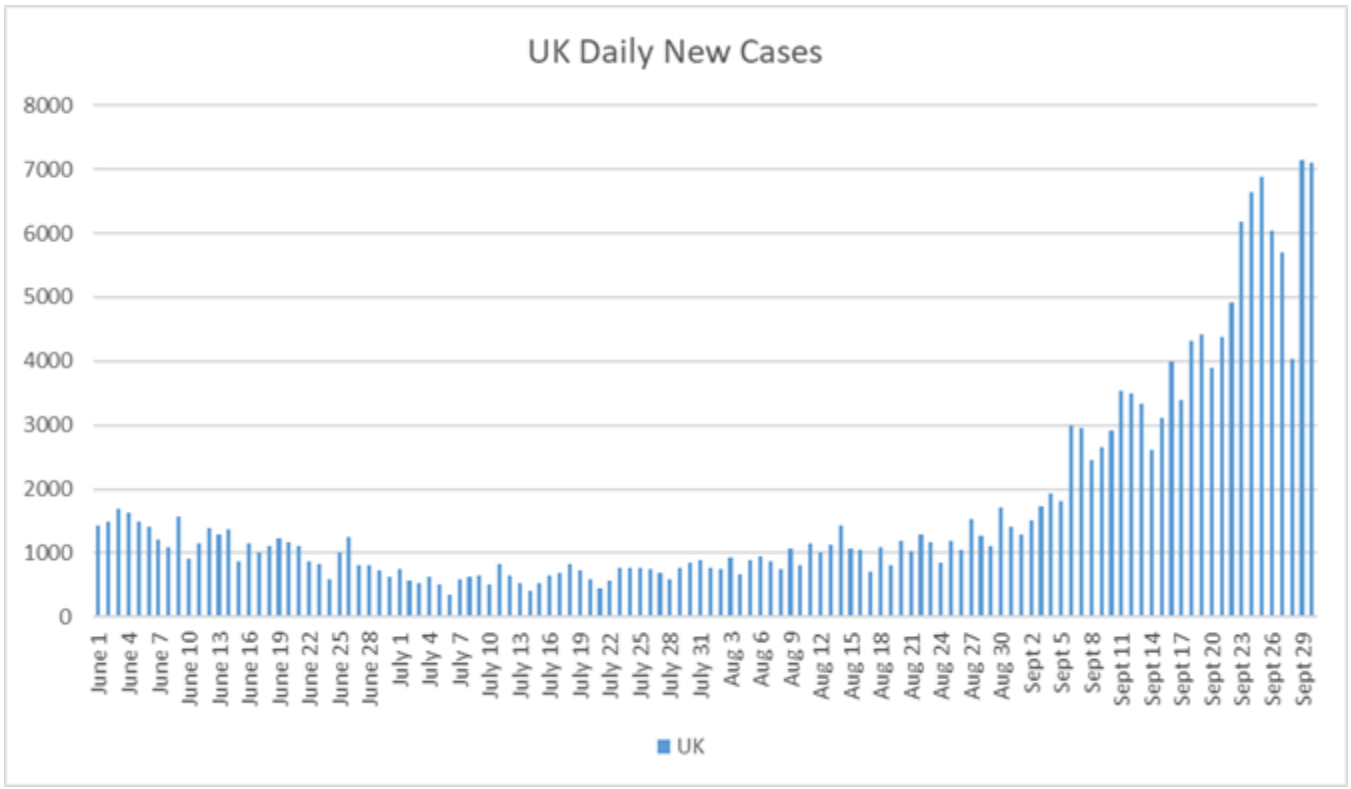
Sept 2
Sept 7
Sept 12
Sept 17
Sept 22
Sept 27
UK
Italy
Spain
France
Germany


UK Daily New Cases
8000
7000
6000
5000
4000
3000
2000
1000
0
June 1
June 4
June 7
June 10
June 13
June 16
June 19
June 22
June 25
June 28
July 1
July 4
July 7
July 10
July 13
July 16
July 19
July 22
July 25
July 28
July 31
Aug 3
Aug 6
Aug 9
Aug 12
Aug 15
Aug 18
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Aug 30
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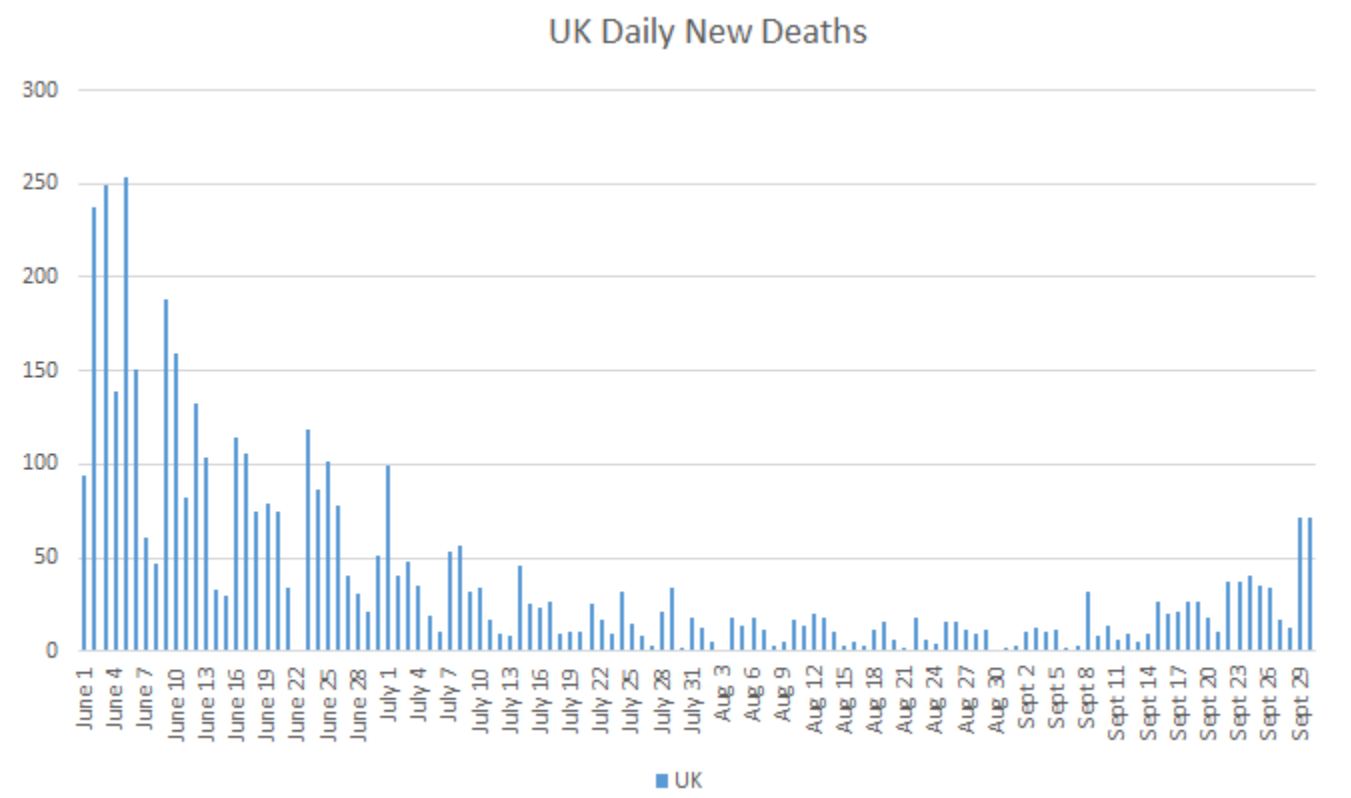
Sept 20
Sept 23
Sept 26
Sept 29
UK


UK Daily New Deaths
300
250
200
150
100
50
0
June 1
June 4
June 7
June 10
June 13
June 16
June 19
June 22
June 25
June 28
July 1
July 4
July 7
July 10
July 13
July 16
July 19
July 22
July 25
July 28
July 31
Aug 3
Aug 6
Aug 9
Aug 12
Aug 15
Aug 18
Aug 21
Aug 24
Aug 27
Aug 30
Sept 2
Sept 5
Sept 8
Sept 11
Sept 14
Sept 17
Sept 20
Sept 23
Sept 26
Sept 29
UK

Treatment and Testing Update

Avacta*: Launch of SARS-CoV-2 BAMS Research Test

- Avacta's* (AIM:AVCT) bead-assisted mass spectrometry (BAMS) assay has been launched as a research kit by Adeptrix. The assay uses the Affimer reagents specific to the SARS-CoV-2 virus to capture the virus spike protein from the sample for rapid detection by mass spectrometry.
- Up to 1,000 samples per day can be analysed by a single technician
- Avacta continues to work with the UK government's CONDOR programme to clinically evaluate the assay to obtain regulatory approval/CE marking. Avacta will receive a royalty on the research kit sales.
- In terms of Avacta's rapid **antigen test,** the company is aiming to have it validated in Q4 2020. Much of the technical risk has been removed, particularly following recent ELISA antigen data, which showed exquisite sensitivity and specificity.
- Demand for an appropriate rapid SARS-CoV-2 antigen test far outstrips supply
- We introduce a target price of 310p, with a range of 211-796p, based on a SOTP valuation of its various technologies, platforms and profit streams. Modelling the potential impact of a SARS-CoV-2 rapid antigen test is based on the production capacity of its existing partners, with further upside possible as capacity is expanded.

Open Orphan*: Potential COVID-19 challenge contract within 1-2 weeks

- This week Open Orphan* (AIM:ORPH) announced a £4.3m challenge study contract and announced its interim results. In H1 2020, it laid the foundations for transformation and the company has stated that a potential COVID-19 challenge study contract with the UK government may be signed within 1-2 weeks.
- COVID-19 challenge study contracts could generate revenues of £7-£10m each
- Open Orphan is close to having its hVIVO quarantine clinic booked until December 2021 with traditional challenge study contracts, and thus COVID-19 challenge studies would take place in an alternative quarantine facility, which the company is in advanced negotiations for
- We believe Open Orphan has laid the groundwork for a transformational H2, given the contracts it has won this year, its strong forward order book and advanced negotiations for COVID-19 challenge model contracts. We reiterate our target price of 19p.

Genedrive*: SARS-CoV-2 Kit approved in South Africa

- genedrive's* (AIM:GDR) SARS-CoV-2 PCR test kit has received regulatory approval in South Africa
- The kit can now be distributed and sold within South Africa, and the test will be supplied in the country by Sysmex
- This is the first approval outside of the CE marking and provides further validation of genedrive's test, and may provide a catalyst for other approvals in Africa.
- genedrive is awaiting approval in various African countries, India and the US.

- genedrive's test is particularly well-suited to Africa and India, as its freeze-dried formulation eliminates the need for cold storage, and its 'one-step' PCR bead format eliminates the need for time-consuming and error-prone preparation.

Novacyt: Launch of COVID-19 antibody test and UK government contract

- Novacyt (AIM: NCYT) has launched a CE-Mark approved serology 96-well plate ELISA test for the detection of IgG antibodies to SARS-CoV-2 derived from plasma and serum samples.
- The test complements Novacyt's existing COVID-19 product portfolio, including its PCR test to detect active infections.
- The antibody test was validated in a study where 1,673 patient samples were evaluated and the test demonstrated 100% sensitivity and 99.4% specificity, in patients that were tested 14 days after testing positive for COVID-19 by a PCR test.
- Novacyt has capacity to deliver more than 3m antibody tests per month initially, with potential to increase this depending on demand.
- While some experts have questioned the usefulness of antibody tests, due to the fact that we do not yet know if antibodies to COVID-19 can prevent reinfection, the test may aid in increasing the understanding of the disease through screening of populations for infection rates.
- Novacyt also announced this week that it will supply 300 PCR machines and test kits to the UK government for £150m, with the potential for a further £100m of supply.

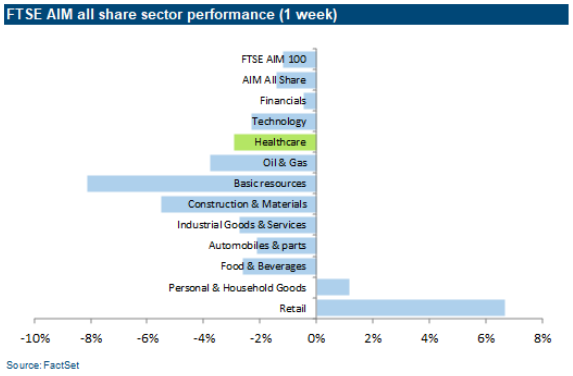
Synairgen*: Fuller Phase II COVID-19 trial data analysis and managed access program

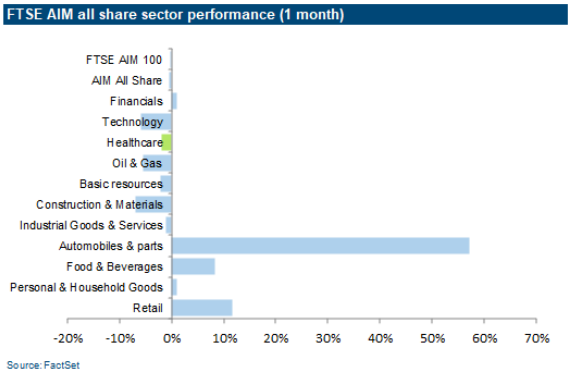
- A fuller analysis of Synairgen's* (AIM:SNG) Phase II trial of inhaled interferon (SNG001) in hospitalised COVID-19 patients confirms our earlier optimism at the time of its first headline disclosure in July. Synairgen has a potentially significant asset to treat hospitalised COVID-19 patients.
- A Managed Access Program (MAP) has been launched, with Clinigen to provide SNG001 to hospitalised COVID-19 patients in the UK and Europe and is a significant step towards first commercial revenues before regulatory approval.
- Managed Access Programs allow doctors and patients access to investigational drugs outside of the clinical trial setting and prior to regulatory approval.
- Synairgen is in discussions with regulatory agencies to establish the route to approval of SNG001 as a treatment for COVID-19. It is also investing in supply chain activities to ensure that drug and aerosol delivery system availability can meet potential demand, pending approval, with the aim of being able to supply c.100,000 treatment courses per month in 2021.

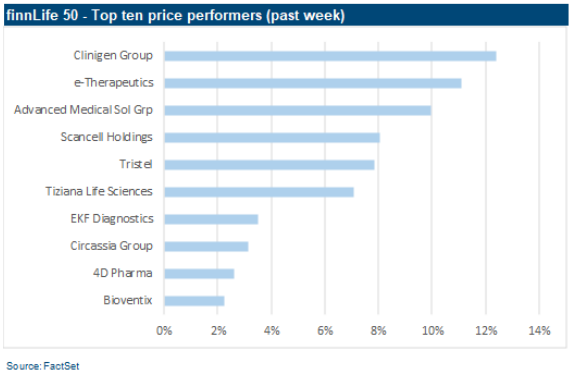
Abbott's small, cheap and fast antigen test gets big orders

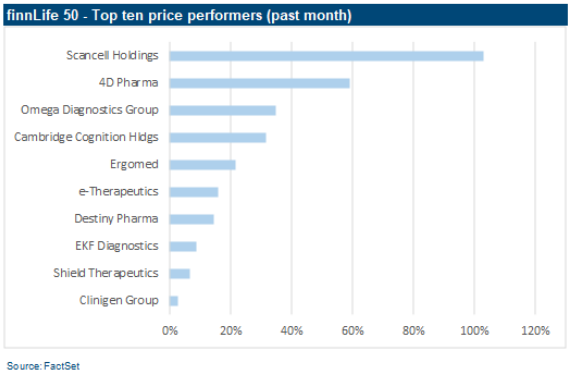
- In August, Abbott announced its BinaxNOW COVID-19 Ag Card rapid antigen test, a cheap point of care test the size of a credit card promising quick results. Administered by a health-care provider using a nose swab, the card delivers a result within 15 minutes and costs $5, much like a pregnancy test. Abbott claims the test has 97.1% sensitivity and 98.5% specificity, albeit in very infectious (high viral load) patients

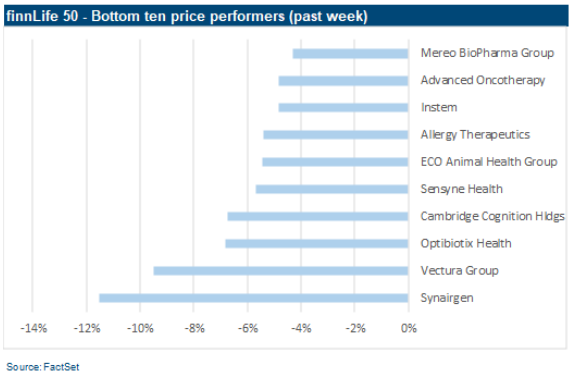
- The US federal government has previously agreed to purchase $760m worth of tests, and on 28 September it described the plan to distribute the 150m tests from that contract within the next few weeks.
- The WHO also announced a contract for 120m tests, split between Abbott and SD Biosensor of South Korea. The tests will be distributed to low and middle-income countries over the next 6 months. However, the UK government stated it has no plans to purchase the test.
- While Abbott says it can increase production to 50m tests a month in October, this only scratches the surface in terms of global need and demand for such tests.

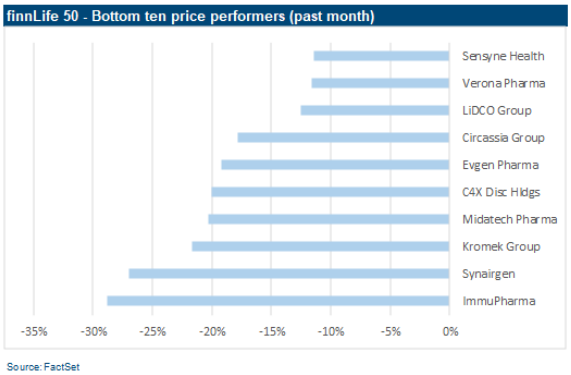












Research reports and comments in the past two weeks

Company	Date	Title
InnovaDerma*	30-Sep	FY 2020 finals – growth drivers beyond COVID
Open Orphan*	30-Sep	H1 2020 – Laying the foundations for transformation
Synairgen*	29-Sep	Interims and fuller Phase II data analysis

ANGLE*	28-Sep	FDA submission – a significant valuation milestone
Avacta*	28-Sep	Interim results – new forecast, new target price
Open Orphan*	28-Sep	£4.3m contract win with top ten vaccine company
Byotrol*	28-Sep	FY 2020 results – positive outlook drives upgrades
Allergy Therapeutics	28-Sep	FY 2020 – record pre-R&D EBIT
ANGLE*	23-Sep	Peer reviewed publication, using Parsortix in MBC
Cambridge Cognition*	22-Sep	Strong interims with 57% 2021 revenue visibility
Destiny Pharma*	17-Sep	Interims – on track for Q1 2021 Phase 2b readout

Upcoming roadshows and events

Company Name	Ticker	Event Type	Roadshow/Event Date
InnovaDerma Plc	IDP	Preliminary Results Roadshow	30th September & 1st October – Conference Calls
Open Orphan Plc	ORPH	Interim Results Roadshow	6th October – Group conference call at 11.30am
Tristel plc	TSTL	Preliminary Results Roadshow	19th & 20th October – Conference Calls
Bioventix plc	BVXP	Preliminary Results Roadshow	19th – Group Conference Call at 12pm 20th & 21st October – Conference Calls

An archive of previous Health Matters can be found here.

Download our latest Q3 Quarterly Report, on the theme of Cell and Gene Therapy here.