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# Bioshares

14 February 2022  
Edition 911

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

Extract from Bioshares –

## Pharmaxis Update

On a recent investor call, Pharmaxis (PXS: \$0.097) CEO Gary Phillips said that the company's Phase I/IIa trial in patients with myelofibrosis is on target to complete recruitment by mid-year with results still due at the end of the year.

Phillips said that the drug candidate, PXS-5505, is performing very well at this stage, inhibiting 90% of the target enzyme with a good safety profile being well tolerated by patients. The study is seeking to recruit 24 patients with the results likely to be a key share price driver for the stock.

Late last year it was announced that an IND filed by the University of Rochester Medical Center was accepted by the FDA with that group to trial the drug in patients with liver cancer. It will be an interesting and meaningful study, with PXS-5505 to be given to patients as a first line therapy. Patients will also be receiving a PD-L1 inhibitor and a VEGF inhibitor. Of primary interest will be to see if the Pharmaxis drug compound can disrupt the tumour cross-linking to allow these new therapies to take better effect inside the tumour.

Researchers from the University of Rochester have undertaken preclinical studies with PXS-5505 that were presented at a scientific meeting in August last year. Phillips said that if the compound can be shown to work in liver cancer then there is very high chance of working in other tumours, presumably in particularly highly stromal (fibrotic) tumours.

Late last year Pharmaxis raised \$9.8 million (at \$0.105 per share). Karst Peak Capital has increased its stake from 11.3% to 12.3%. One of the reasons for the raise was due to an expected decrease in Bronchitol sales with cystic fibrosis patients staying at home due to the pandemic.

Pharmaxis is capitalised at \$51 million with \$21 million in cash at the end of last year. For the December quarter, cash receipts totalled \$3.8 million with an operating cash outflow of \$3.7 million.

**Bioshares** Recommendation: **Speculative Buy Class A**

**Bioshares**

	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)	0.5%
Cumulative Gain	1944%
Av. Annual gain (20 yrs)	20.7%

Bioshares is published by Blake Industry & Market Analysis Pty Ltd.  
ACN 085 334 292  
PO Box 193  
Richmond Vic 3121  
AFS Licence No. 258032

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Edition Number 911 (14 February 2022)

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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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