COVIRIX MEDICAL HOLDINGS LTD (A$2.80)

Pre IPO opportunity in COVID-related antiviral product

Covirix seeking expressions of interest in raising A$14m pre-IPO through issue of 5m shares @ A$2.80 to fund Phase I & II clinical trials on repurposed antivirals for COVID

KEY POINTS

- **CVX-20733 is an antiviral FDA- approved drug for another disease application**
- **Repurposing as inhalable small molecule broad spectrum drug for COVID-19**
- **Agreements in place to carry out Phase I & II Clinical trials in India and Nepal**
- **Repurposing will significantly reduce risk and timeline to market**
- **Revenue potential is large and no competitor yet identified**
- **Sole Aust/NZ distributor US supplier DiaCarta Inc's Rapid Antigen & PCR Tests**
- **Listing and secondary listing planned for Australia and Hong Kong**

SUMMARY

COVID-19 has been a major global pandemic that has caused widespread disruption to the world economy, personal health and national medical/health services.

National policy has focused almost entirely on inoculation and with experimental gene therapies as a total population strategy but very little has been done for an effective antiviral cure, exercise, diet and vitamin intake advice. Likewise, prophylactic approaches for processes of drugs or therapies have been largely ignored.

Covirix Medical has seen the opportunity to develop and promote antiviral COVID therapies for treatment of mild to acute infection as well as preventive using products that show highly effective results.

Its CVX-20733 compound is already FDA -approved for other infections but has demonstrated both antiviral and anti-inflammatory mechanisms in pre-clinical studies and has the ability to treat the virus, kill it and prevent it from spreading.

As an Australian-based clinical-stage pharmaceutical company with a highly experienced international team Covirix has a strategy to enter the market by supplying antiviral and anti-inflammatory treatments using drugs that already have safety confirmation and FDA Approval for other treatments.

By repurposing CVX-20733 to COVID, Covirix has a lower to-market timeline risk and cost.

CVX-20733 will be delivered by inhalation to the respiratory tract where viruses congregate giving immediate and non-invasive application at lower application rates with low potential side effects risk.

Initial markets include the large population base of India and provisional patent covering 11 jurisdictions has been filed and published.

Covirix has a strategic partnership with US-based DiaCarta Inc to assist CVX-20733 securing Investigational New Drug (IND) approval from the FDA as a Breakthrough Therapy. Covirix is also the sole Australian distributor of DiaCarta's RAT and PCR products and a potential net income of A$70m from a single order is under negotiation.

Sophisticated investors are invited to request a confidential IM for Covirix.

NEAR TERM EARNINGS POTENTIAL

Year to June (US$m)	2023F	2024F	2025F	2026F	2027F
Sales (m)	11	14	18	35	71
EBITDA (m)	4	7	9	23	51
Net Profit (m)	3	5	6	16	35
EBITDA margin (%)	41%	47%	50%	63%	71%
RoA (%)	4%	6%	7%	16%	28%
RoE (%)	4%	6%	7%	16%	28%
EPS	4c	6c	8c	20c	44c

Source: Company, Pitt Street Research

3 June 2022

24 Month Price Target: (>A$10.00)

CAPITAL STRUCTURE

Share Price	A$2.80
Net Asset Value	A$16m
Market Cap	$188m
Issued Shares including 5 million placement shares	67.3m

DIRECTORS

Kumud Dhital	CEO	Managing Director
Ian Nixon	Exec	DirectorExec
Richard Li	Director	

TOP SHAREHOLDERS

Go Green Holdings	25%
Ian Nixon	25%
COVID Pharmaceuticals	25%
Somersham Super	24%
Small shareholders	~1%
Total	100%

This note has been prepared by Martin Place Securities Pty Ltd and is based on the attached report from Pitt Street Partners.

Data has been sourced from available public information and reflects the author's own assessments.

Martin Place Securities is a corporate adviser to Covirix

COVIRIX MEDICAL HOLDINGS LTD - IN PROFILE

Covirix was set up in Melbourne in 2020 by experienced hospital and medical operators and administrators to provide non-inoculation products to sufferers of COVID viruses.

"Our mission is to develop effective therapeutics to treat both the acute and chronic phases of COVID-19, save lives, and lessen the misery affecting individuals, families, and society at large." - Kumud Dhital, COVIRIX Medical CEO

'Widespread and concurrent use of an effective and economically-priced inhaled drug would ease the safe return to normal life globally.'

Ian Nixon COVIRIX Medical CMO

Valuation US$m	Base Case	Bull Case
Present Value of DCF	6,090	8723
PV of Terminal FCF	286	485
Enterprise Value	292	493
Cash on Listing	75	75
Equity Value	367	568
Shares outstanding	67.3	67.3
Implied Price US$	5.46	8.45
Implied Price A$	7.58	11.74

Milestones achieved in 2020

03 2020	COVIRIX Medical Pty Ltd incorporated (ACN 639 682 607)
	CVX 20733 Identified as ideal drug for repurposing. Approved drug for non-infective use with known action vs SARS-CoV-2
08 2020	MOU with COVID Pharmaceutical Pty Ltd for license to develop and repurpose CVX 20733 and related compounds for both anti-viral and anti-inflammatory therapies
	Provisional Patent filed for use of 20733 and related compounds as an anti-COVID-19 drug for delivery via inhalation, nebulization & intra-nasal routes
	Start of 1st Tranche Capital Raise
09 2020	Engagement of Prof Simon Tucker as Chief Virologist & Head of Clinical Development
	MOU with Deakin University, Melbourne for service engagement of Prof David Morton as Consultant Aerosol Scientist
11 2020	Antiviral Studies vs SARS C0V-2 at Southern Research (SR) Laboratories, USA.
12 2020	Market intelligence of preliminary antiviral efficacy for 20755 and 20788 in hand from SR Laboratories, USA
12 2020	Formulation work commenced for inhalational delivery

Milestones achieved in 2021

	Ongoing formulation work for inhalational and nebulizer delivery for CVX 20733
03 2021	Completed virology test data sharing agreement with Walter & Eliza Hall Institute on CVX 20733, CVX 20755
05 2021	Completion of satisfactory revalidation tests of CVX 20733 (+ 20755 & 20788) antiviral activity vs UK and South African variants of SARS-CoV-2 at ViroClinics, Netherlands
05 2021	Tranche 2 Capital Raise commenced
06 2021	NDA signed with major European API & pharmaceutical company with global production/distribution chain
06 2021	Identified GMP Facilities in India & Nepal for manufacture of CVX 20733 (Nebulised formulation) NDA with CRO in India and established communication with Government agencies in Zimbabwe and Nepal for accelerating Re-Phase I (Pharmacokinetic), Dose escalation Phase I, and II Studies
08 2021	MOU with Medical Ventures Pvt Ltd – CRO support for clinical trials in Nepal
09 2021	Asian Pharmaceuticals Pvt Ltd – GMP Manufacturer for clinical trials in Nepal

Milestones for 2022-23

Q1 2022	Expect waiver of further animal pulmonary toxicology and approval early Phase Clinical Trials of antiviral CVX 20733 in Nepal and India, Nepal
	Confirm DPI Manufacturer for CVX 20733
Q2-3 2022	Commence Pre-Phase1 Pharmacokinetic) studies of CVX 20733 in health volunteers (Nepal & India) Combined Phase I Dose escalation Study of CVX 20733 in Health Volunteers (Nepal and India)
Q4 2022	Commence Phase II Clinical Trial of Nebulised CVX 20733 in the following cohorts: non-isolated hospitalized COVID + individuals; hospitalized non-ventilated COVID +ve patients
Q3-4 2022	Explore formal listing on Australian, Asian or North-American Stock Exchange
Q1-2 2023	Phase III for CVX 20733 targeting: isolated non-hospitalised COVID + patients and hospitalised non-ventilated COVID+ patients

* The projected timelines are fluid and depend primarily on the initial validation studies of anti-viral activity being completed on time. While timeline delays are possible, the successful completion of these initial studies, together with commensurate investment, will permit many of the subsequent pre-clinical tests to be carried out concomitantly, so as to accelerate the necessary clinical trials.

Figure 2: Estimated Cost and Time savings through repurposed drug

Clinical Study	Estimated Timeframe	Estimated Completion Date	Estimated Cost (US$)
Expedited phase I/II entry without extensive inhaled toxicology	12-18 months	2Q23	8m
Complete phase I followed by phase II without extensive inhaled toxicology	18-24 months	4Q23 – 2Q24	10m
Complete phase I followed by phase II with a complete inhaled toxicology package	24-36 months	2Q24 – 2Q25	15m

Source: 'Expected Milestones', 'About us', COVIRIX Medical

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ANALYST VERIFICATION

Barry Dawes, as the author of this note, and as Head of Resources of Martin Place Securities, hereby certifies that the views expressed in this research accurately reflect his personal views about the subject securities or issuers. No part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research has received compensation based on overall revenues, including investment banking revenues, of Martin Place Securities. The Analyst has taken reasonable care to achieve and maintain independence unbiased objectivity in making any recommendations.

The Analyst and his related entities hold no shares in Covirix at the date of this report.

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This views in this report are entirely those of the Analyst using publicly available information.

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