XPhyto Therapeutics Launches Rapid Test for COVID-19, Zacks Research Initiates Coverage

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XPhyto Therapeutics Corp. (CSE: XPHY | OTCQB: XPHYF | FSE: 4XT) ("XPhyto") is a bioscience company with a focus on innovating, accelerating and commercializing, disruptive, disease diagnostic and drug delivery technologies. Some examples are diagnostics (COVID-19 testing and biosensors) and new thin-film drug delivery methods. The company is also developing new active pharmaceutical ingredient manufacturing processes. XPhyto's specialty is speed to market of commercial innovative medical products.

XPhyto has international expertise with headquarters in Vancouver and operations out of Germany. The Company is currently focused on regulatory approval and commercialization of medical products for European markets.

A summary of XPhyto Therapeutics Corp.'s bioscience accelerator business

Source: XPhyto company presentation

Rapid COVID-19 PCR test launched

On September 8, XPhyto announced the successful launch into a growing market demand of its 25-minute COVID-19 PCR test (called 'Covid-ID Lab test') in Berlin, Germany. This event followed on news announced on March 18, 2021 that XPhyto's rapid 25-minute COVID-19 PCR test had gained European approval.

XPhyto stated:

“In parallel to the pilot project, we are developing further approaches and services with our partners to offer modular testing and hygiene solutions for larger events, such as concerts, sporting events and conferences……Given our competitive pricing, we are in a strong position to accelerate sales growth in the near term.”

The XPhyto Covid-ID Lab test has great potential for (25 minute) rapid testing at airports, cruise ship terminals, border testing, schools, medical centers, government agencies, public venues and job sites markets. With over 84 million people, Germany is a very important and potentially lucrative market for XPhyto. XPhyto plans to expand through Europe to service its 748 million people.

Biosensor test for oral disease launched

On August 30, XPhyto announced the launch of its first commercial biosensor test for oral disease. The biosensor test, in the form of a thin-film tab, dissolves on the tongue and if it turns turns bitter after five minutes it is an indication of the presence of ‘oral inflammation.’ The test has been successfully registered with the appropriate German authorities and is ready for partnering with wholesale distribution partners and market launch.

The announcement stated:

“(XPhyto and partner 3a-diagnostics GmbH) successfully registered their first biosensor test in oral inflammation with the German authorities (cosmetic products notification). The easy at-home self-check can be performed without the need for specific medical knowledge or training, analytical equipment or even a power supply. When placed on the tongue, the thin film

dissolves and, after 5 minutes, the biosensor releases a bitter taste in case of oral inflammation. The biosensor functions as a quick test for heightened levels of certain bacteria and viruses to check whether a doctor's visit and further tests are necessary."

XPhyto believes that biosensors in general, and 3a's innovative biosensor system in particular, are a promising and reliable platform technology for accurate, early screening and diagnosis of diseases. XPhyto has signed an acquisition agreement with 3a which means XPhyto will acquire all of the outstanding shares of 3a for EUR 3.9 million with a planned closing on or around October 31, 2021. You can read more details about 3a-diagnostics GmbH here.

XPhyto coverage by Zacks Research

On September 28, 2021, Zachs Research gave an initiated coverage on XPhyto and concluded:

"The company is optimistic about the prospects for the COVID-19 test and other products in its pipeline, as noted. While it is difficult to know the revenue arc for XPHYF at this early stage, just based on the sizable need for COVID testing, we believe the current share price of about $1.10 does not reflect the fundamental value of the company's pipeline and prospects and would anticipate upside if the company continues to advance its candidates. We believe the substantial size of the company's target markets and the company's view of the competitive advantages of its diagnostic and delivery platforms suggest strong revenue growth if the company successfully executes its strategy.

……we believe the average price-to-sales multiple of companies in this comparison of 14x provides a valuation benchmark for XPHYF. Therefore, applying a 14x multiple to our $8 million to $14

million 2025E revenue forecast and discounting back at 3% results in a present value of nearly $102 million to $179 million for XPHYF, or a mean value of about $2.00 per share.”

XPhyto’s buy and build strategy showing past acquisitions timeline

Source: XPhyto company presentation

Closing remarks

New bioscience companies need to move quickly and work hard to establish a market share into niche products that can rapidly lead to revenues. To do this the company first needs to spot a strong trend or need, such as COVID-19 rapid testing, and then move fast with a great product to get ahead of competitors.

XPhyto is doing a good job so far of innovating and bringing, in-demand, pharmaceutical products rapidly into the marketplace. Its next step will be to see how quickly the products can achieve a strong uptake and strong revenues.

XPhyto Therapeutics Corp. trades on a market cap of C$95 million with the 3a-diagnostics acquisition due to finalize very soon. This acquisition looks to be the best so far and with COVID-19 testing and the biosensor market doing well it should only boost XPhyto’s near term prospects. Stay tuned.