

LexaGene Holdings Inc.

06:00 07 May 2019

LexaGene is enabling faster, easier pathogen detection

- Transforming traditional pathogen detection through its patented platform
- Targeting vast and underserved multi-billion-dollar markets
- Projected revenue stream of approximately US\$240 million over three-year timeframe

LexaGene Holdings Inc (CVE:LXG) (OTCMKTS:LXXGF) is a biotechnology company that is pioneering the first fully-automated pathogen detection platform for use in diagnostics and sample analysis.

The key feature is the open access nature of the instrument that allows end users to customize the instrument to target any pathogen of interest. The process is as simple as collecting a sample, loading it into the instrument using a preparation cartridge and pressing "go." The instrument is able to process multiple samples at a time, returning results within around one hour.

Currently, the main markets being targeted by LexaGene are the vast and underserved veterinary health and food safety industries, but the customizable nature of the technology means that it is applicable to any type of diagnostic industry.

"We're positioning our product as one that can be used across many industries," said CEO Dr Jack Regan in an interview with Proactive. "We can do this because we define our product as open access, meaning the end user has the ability to customize the genetic test that our instrument performs."

CEO Regan developed LexaGene's patented microfluidic system. Regan was a lead scientist in developing another instrument designed for biowarfare surveillance used by the US Department of Homeland Security, and a device for detecting respiratory pathogens from nasal swab samples.

Currently, most pathogen detection is done through cultures, which can be time-consuming and require special conditions in order to deliver accurate results. Take food safety as an example: if a pathogen is destroying crops, a difference of hours or days for results can represent millions of dollars in lost revenue.

Armed with promising study results and proven technology, LexaGene is getting ready to launch the LX2 Genetic Analyzer to underserved markets valued at an estimated US\$40 billion.

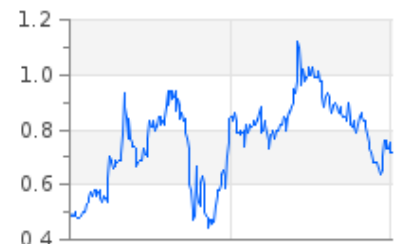
Inflection points

LexaGene's LX2 Beta prototype is almost ready for commercialization, according to CEO Regan, moving them one step closer to sales.

Price: 0.72

Market Cap: \$81.87 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: LXG

Listing: TSX-V

52 week	High	Low
	1.28	0.43

Sector: Medical technology & services

Website: www.lexagene.com

Company Synopsis:

LexaGene is a biotechnology company developing a fully automated pathogen detection platform for use at the site of sample collection, which offers unprecedented ease-of-use, sensitivity, and breadth of pathogen detection.

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The LX2 Analyzer is designed for non-technical workers to use easily, whereas most instruments currently on the market require a skilled molecular biologist to operate the system. The flow-through instrument processes large sample volumes to increase the chance of detecting very rare pathogens. It also comes at a low cost per test, as the instrument uses reagents stored in bulk reservoirs instead of cartridges with pre-embedded reagents.

"The open access aspect of the analyzer is extremely valuable because we're providing hardware and controls, but the customer has the choice to customize the test to look for what they want," said Regan in an interview.

"We're doing this because we can't do everything at once, but we want people to be able to buy the tech and be enabled."

In February 2019, a clinical study was conducted using LX Analyzer technology where over 100 canine urine tests were sampled. The LX Analyzer detected 100% of the pathogens present in samples and even found antibiotic resistance factors in some examples. The results are 97.5% comparable to a reference lab, only automated and faster.

When it comes to revenue projections, the company plans on an additive recurring revenue stream with an expanding installation base. The recurring revenue stream comes from the disposable sample preparation cartridge that offer around 97% gross margin per sample tested.

LexaGene is pricing each instrument at around US\$50,000. Total revenue over three years is projected to be over US\$240 million.

Investors looking for an exit strategy can rest assured with the knowledge that similar companies such as Handylab, Biofiore and Iquum were all acquired for hundreds of millions of dollars by industry heavyweights like Roche.

Outlook

The next frontier for the LX2 analyzer will be human pathogen detection. Previously, LexaGene reported successful detection of human foodborne pathogens such as E. coli and staphylococcus. Now the company is looking to expand its genotyping capabilities to determine how the human body will respond to certain drugs.

One such application is to understand how individuals react to cannabis-based products, a new area for LexaGene. A person's unique genetic makeup determines how well they react to certain drugs, otherwise known as genotyping. The company can take a cheek swab and analyze it for different variants that will help to understand the proper dose of cannabis or other pharmaceuticals necessary for treatment.

"The ability and ease with which our technology can be used in markets aside from veterinary diagnostics and food safety is often underappreciated," said Regan in a recent company statement. "Many of these markets have no regulatory hurdles, which in time will allow us to start selling our technology into a diverse set of laboratories.

"When we begin selling our commercial units, open-access sales will complement our veterinary diagnostics and food safety revenues nicely."

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