

# Skin in the game: PolyNovo half-year sales surge a record 62pc as its gains momentum in US

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PolyNovo chairman David Williams attended JP Morgan's Healthcare conference in San Francisco last week and said the company can hold its head high. Photo Luis Enrique Ascui

Skin graft-focused biotech, PolyNovo, has capped off record half-year sales, delivering revenue exceeding \$5m a month for the first time, as it builds momentum in the US and expands into new markets.

The company's revenue surged 62.2 per cent to \$29.5m in the six months to December 31, based on unaudited accounts.

In three of those months during the half-year, it generated sales of more than \$5m. This compared with delivering \$2m a month in sales in early 2020 before Covid-19 hit Australia.

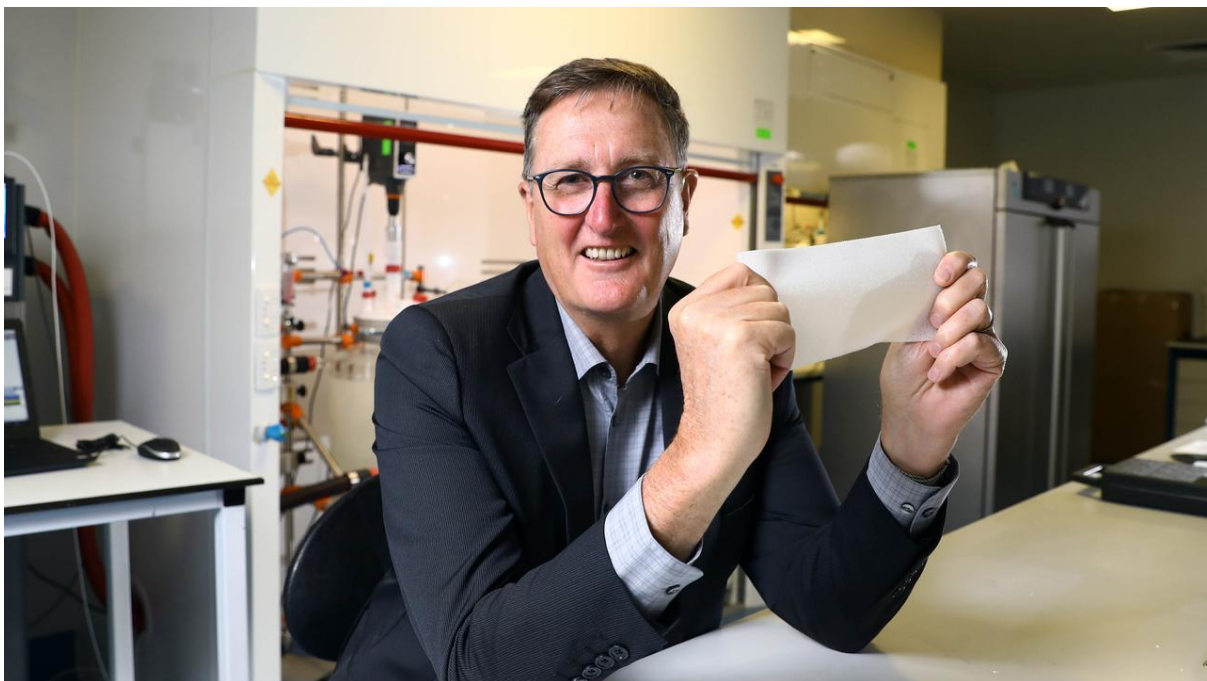
PolyNovo has since expanded to Hong Kong and Canada, delivering sales of \$2.1m in those markets during the past six months.

Chairman David Williams said hiring new staff as well as generating further sales in its new markets should support a "strong" second half.

“I am excited to announce that the company had three \$5m-plus sales months during the first half of the 2023 financial year, reflecting the growth in customer accounts and penetration of existing accounts as well as sales in new markets,” Mr Williams said.

PolyNovo’s shares jumped 2 per cent to \$2.59 on Monday, giving it a market value of \$1.74bn. This compared with a 0.8 per cent jump across the broader sharemarket.

This takes PolyNovo’s total share price gains during the past six months to 68.2 per cent, with the spike following a rocky ride for the company, which included former chief executive Paul Brennan’s unexpected resignation in late 2021.



PolyNovo’s former CEO Paul Brennan with the company’s synthetic skin. Aaron Francis/The Australian

PolyNovo presented at the JP Morgan Healthcare Conference in San Francisco last week, where Mr Williams declared: “Australian companies are more entrepreneurial and harder at the ball than many of their competitors in the US”.

“I am not here looking for capital or investors,” he said. “I am looking at our competitors and at companies in tangential areas of business. PolyNovo can hold its head high with our performance.”

The US delivered the lion’s share of the revenue during the half year, with sales soaring 61 per cent to \$22.8m during the period.

The company has developed a synthetic skin for burns and soft-tissue regeneration, and in recent years has been used to treat Australian bushfire and New Zealand volcano victims.

It received US Food and Drug Administration clearance for its NovoSorb MTX product last September.

MTX leverages the technology platform underpinning the clinical success of the company's other product, BTM, but without a sealing membrane.

With MTX, the wound can be closed either with a skin graft or allowed to heal by contraction and formation of an epithelial layer, simplifying wound management. It is indicated for use in partial and full thickness wounds, pressure ulcers, venous ulcers, chronic and vascular ulcers, diabetic ulcers, and surgical and trauma wounds.

Crucially, MTX product expands PolyNovo's addressable market in the US by an estimated \$500m. Chief executive Swami Raote said at the time: "We aim to quickly put MTX in the hands of key opinion leader surgeons".

"We are proud to bring MTX to US surgeons and patients, and believe a product specifically designed for use in a single-stage procedure will leverage and expand our penetration of the advanced wound care space. We expect clinicians to carry BTM and MTX and provide them a richer tool kit for patient care."

On Monday, Mr Raote said PolyNovo's development program also covered breast sling, hernia and orthopaedic applications.

"We are pleased to see the strength and quality of our growth across all markets. In addition to geographic expansion, we are investing in building our R&D capabilities to ensure that NovoSorb is a truly innovative and disruptive soft-tissue regeneration platform, as well as increasing our manufacturing capacity to satisfy increasing demand," Mr Raote said.