IXICO gets vote of confidence from big pharma

IXICO PLC (LON:IXI), the data analytics company delivering insights in neuroscience, has seen the value of an existing contract almost double.

The company said the scope of a current contract with a top 10 biopharmaceutical company has been expanded, increasing the value of the contract by US$2.4mln over the remaining six-year term of the agreement to US$5.1mln.

READ IXICO trading ahead of expectations as digital tech permeates neuroscience sector
The announcement came on the same day as the publication of IXICO's results for the year to the end of September, which showed continued strong revenue growth.

Revenue rose 32% to £5.39mln from £4.10mln the year before, while the gross margin improved to 58.8% from 56.4%.

The loss before tax narrowed to £793,000 from £1.91mln the previous year.

Operating cash outflows were reduced to around £100,000 from £1.2mln the previous year. Cash and cash equivalents at the end of the fiscal year had risen to £7.86mln from £2.41mln a year earlier.

CEO hails another year of significant progress
"2018 has been another year of significant progress in which we have delivered on our financial commitments, whilst continuing to invest in the long-term future of the company," declared Giulio Cerroni, the chief executive officer of IXICO.

"We have reported record revenues with underlying growth of 41%, further improved gross profit performance and reduced operating losses. Consequently, operating cash outflows have been significantly reduced in the year to £0.1mln," he noted.

"The combination of a strong order book and a healthy pipeline, in conjunction with senior management hires to execute our strategy, provides a solid foundation for continued growth momentum. With a successful capital placing to invest in new market and product development, we go into the new financial year with increased commercial traction, ambitious growth plans and a strengthened organisation focused on delivering technology-driven data analytics to our global biopharmaceutical clients," Cerroni concluded.

House broker sees acceleration along the path to profitability
House broker Shore Capital said the performance represented ongoing momentum from earlier reporting periods, with IXICO having now delivered more than 25% in reported revenue growth in the previous four reporting periods.

"Importantly, the revenue growth has been delivered from a strong performance across all of the business divisions,
namely clinical trials services, Assessa PML, wearables projects and licensing revenue. We would also highlight IXICO’s performance in clinical trial services with £15m of new and expanded contracts secured in the period (including a further contract expansion announced separately today),” the broker said.

The contract wins in the reporting period also highlight the ongoing diversification of IXICO’s business as it moves away from a historical and predominant focus on Alzheimer’s disease to include several other neurological conditions, including Huntington’s disease and progressive supranuclear palsy, and the use of innovative technology for novel applications (wearable biosensors in psychiatric and neurological disorders), Shore observed.

"We remain excited by the revitalised focus on commercialisation and profitability and point to further evidence of accelerating momentum in this innovative digital health company," the house broker concluded.

Shares in IXICO were up 4.3% at 24.5p at noon.

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