

Venaxis announces transaction with Strand

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Venaxis is an in vitro diagnostic company which has been focused on the clinical development and commercialization of its APPY1 Test, the company's rapid blood-based test for appendicitis.

Strand LS is a privately-held, global genomics and bioinformatics company. Strand LS operates clinical reference labs in the US through its wholly owned subsidiary Strand Genomics (Strand U.S.) and directly in India, providing testing and lab services in India and other world-wide markets.

Strand LS has commercialized a next generation sequencing (NGS) based, targeted, multi-gene, pan-cancer diagnostic panel in select international markets and has engaged in initial commercialization activities in the United States.

Assuming participation by 100% of the Strand LS shareholders, the effect of the transaction will be that Strand LS shareholders and the employees and directors who are option-holders in Strand LS will own directly and beneficially approximately 68% of the combined enterprise and the current shareholders of Venaxis will own approximately 32%.

Due to Indian tax and financial regulations, the transaction is being structured as purchases, by Venaxis, of the Strand LS shares from the Strand LS shareholders, followed by an immediate re-investment of those sale proceeds, by the Strand LS shareholders, into Venaxis Common Stock.

To comply with certain long-term holding period requirements under Indian tax law, the transaction is expected to be completed in two closings.

The first closing will occur upon receipt of the necessary approvals from the Venaxis shareholders, receipt of all other required approvals and satisfaction of identified closing conditions.

The second closing will occur approximately six months later. At each closing, Venaxis will enter into resale registration rights agreements with the Strand LS shareholders participating in such closing.

The boards of each company have unanimously approved the transaction, however this transaction is subject to Venaxis shareholder approval.

At the first closing, Venaxis will own a majority of the shares of Strand LS, will change its name to Strand Life Sciences, and will change its NASDAQ trading symbol.

As part of the first closing, following Venaxis shareholder approval, a Venaxis subsidiary will enter into an asset purchase agreement with Strand U.S. in which it will acquire substantially all of the assets and liabilities of Strand U.S. in exchange for cash consideration paid to Strand U.S.

Advancing to the execution of the agreements with Strand LS, its shareholders and Strand U.S. represents the outcome of an extensive strategic process initiated by Venaxis in early 2015.

Venaxis has also commenced, and expects to continue to attempt to locate a partner or other third-party interested in advancing development and or commercial activities of the Venaxis appendicitis portfolio.

Aligning Strand Life Sciences' proven technological expertise in genomic profiling, bioinformatics and data curation with Venaxis' financial resources, NASDAQ public listing and key management personnel provides an opportunity for Strand Life Sciences to continue to commercialize its global business model towards what is believed to be a valuable enterprise for the combined shareholders.

Following approval by the Venaxis shareholders and satisfaction of the other closing conditions, at the first closing, Dr. Vijay Chandru, the co-founder and current Executive Chairman of Strand LS, will serve as Executive Chairman of the combined company's Board of Directors, Steve Lundy will become the Chief Executive Officer of the combined company and Jeff McGonegal will continue as CFO. The initial combined board will consist of seven members with four from Strand LS and three from Venaxis.

Commenting on the transaction, Dr. Vijay Chandru said, "On behalf of the Strand LS shareholders, we believe that this transaction represents an attractive opportunity for Strand Life Sciences, as an agile innovator in clinical genomics, to combine forces with Venaxis, a public company in the United States with experienced executives and board members to help it rapidly expand market adoption of StrandAdvantageTM and other future product offerings."

"We are pleased to announce this transaction and are excited by the significant opportunity we believe it presents for shareholders of Venaxis and Strand LS," said Mr. Steve Lundy, Chief Executive Officer of Venaxis, Inc. "The combined company will benefit from Strand Life Sciences' 15 year successful history of technological expertise in genomic profiling, bioinformatics and data curation. Our initial focus will be to improve patient outcomes through the use of the StrandAdvantage pan-cancer gene panel, which was commercially launched in the United States in 2015. The combined company is expected to be focused on the continued commercialization of StrandAdvantage, as well as the development of additional oncology-related diagnostics."

Raymond James & Associates, Inc. and Oppenheimer & Co. Inc. are acting as joint financial advisors to Strand LS and Baker & Hostetler LLP is acting as legal counsel for Strand LS. Ballard Spahr LLP is acting as legal counsel to Venaxis.