

Algernon Pharmaceuticals Inc.

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Algernon Pharmaceuticals aiming to repurpose drugs, with coronavirus trial providing good example

- Drug repurposing model reduces risk and capital required
- Working to develop Ifenprodil as new therapeutic for coronavirus
- Experienced management team

What Algernon Pharmaceuticals does:

Algernon Pharmaceuticals Inc (CSE:AGN) (OTCQB:AGNPF) is a drug repurposing company. In simple terms this means it advances drugs that are safe and approved in one area but develops them for different indications/treatments.

So, the company may look again at a drug, which was tested for one disease, but maybe better used for another. It focuses on treatments for billion-dollar global disease markets.

The firm believes repurposed compounds have a much lower risk of failing in human trials on safety issues. It says over 90% of drugs fail before Phase II, while development costs have ballooned to nearly US\$2.5 billion with an average timeline of 15 years.

The strategy goes as follows: The company identifies safe drugs which were never approved in the US or Europe for new uses and confirms efficacy in animal studies. It then files new IP rights for the drug and conducts a clinical trial in the compound's country. If that is successful, the company then moves towards putting the drug into US clinical trials.

The firm says this is a capital-efficient business model and it is in the planning stages for four separate phase II clinical trials. These are for non-alcoholic steatohepatitis (NASH), chronic kidney disease (CKD), inflammatory bowel disease (IBD) and idiopathic pulmonary fibrosis (IPF). All of these key compounds were identified using its drug repurposing strategy.

The firm's lead program is looking at the drug NP-120, or Ifenprodil, for IPF and chronic cough - although the focus is currently on coronavirus (COVID-19) treatment. The IPF global market is expected to reach US\$3.2 billion by 2025, while for chronic cough, the global market is put at US\$1.8 billion by 2024.

How is it doing:

It has been a busy 2021 for Algernon thus far. On February 1, the company said it aims to begin a clinical trial as soon as possible this year to examine the psychedelic compound DMT as a treatment for stroke.

Unlike other companies researching such drugs, Algernon said it will focus on a sub-hallucinogenic, or microdose of DMT given via continuous intravenous administration - the aim being that the patient will not have a psychedelic experience. This approach may also allow for a quicker pathway to regulatory approval, including a Breakthrough

Price: 0.27

Market Cap: \$37.85 m

1 Year Share Price Graph



Share Information

Code: AGN

Listing: CSE

52 week High Low
0.58 0.105

Sector: Pharma & Biotech

Website: algernonpharmaceuticals.com

Company Synopsis:

Algernon is a drug re-purposing company that investigates safe, already approved drugs, including naturally occurring compounds, for new disease applications, moving them efficiently and safely into new human trials, developing new formulations and seeking new regulatory approvals in global markets. Algernon specifically investigates compounds that have never been approved in the U. S.

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Therapy designation from the US FDA, it noted.

The company also reported a further step in its clinical trial process to assess Ifenprodil as a potential coronavirus (COVID-19) treatment.

The external data and safety monitoring board (DSMB) has completed its latest review of the Phase 2b part of its Phase 2b/3 human study and has given approval to continue on with Phase 3.

Earlier in January, the pharma group said that the final set of data from the Phase 2b part of its Phase 2b/3 clinical trial for Ifenprodil would be available at the end of February. It said that if that data is positive, it will look to get emergency use authorization (EUA) from the US Food & Drug Administration (FDA).

A Phase 3 trial would be required regardless of whether or not it receives an EUA, the firm added.

Algernon said Ifenprodil may reduce the infiltration of neutrophils and T-cells into the lungs where they can release glutamate and cytokines, respectively.

Algernon noted that in the January 5, 2021, edition of the European Archives of Psychiatry and Clinical Neuroscience, the authors of an independent research review identified Ifenprodil as a possible repurposed drug candidate for the treatment of COVID-19.

Inflection points:

- Final data set for Phase 2b of its Ifenprodil COVID-19 clinical trial in February 2021
- Potentially filing a pre-IND application with the US FDA for IPF for chronic cough

What the broker says:

On February 2, 2020, Mackie Capital issued a research note on Algernon, maintaining its 'Speculative Buy' rating and target price of \$0.80 per share.

Mackie's analysts noted that DMT (N,N-dimethyltryptamine) is a known psychedelic compound that could potentially promote neurogenesis and neural plasticity (i.e. the nervous system's ability to recover from damages) - neurogenesis and neural plasticity are important factors needed for brain healing after an injury.

They pointed out that Algernon is planning to develop a sub-hallucinogenic (or microdose), intravenous formulation of DMT for ischemic stroke and post-stroke rehabilitation.

The analysts said investors should note stroke drugs were historically tough to develop - a paper (Chen X, et al. Acta Pharm Sin B. 2016 Nov) analyzed 430 ischemic stroke drug candidates over the period 1995-2015 and found that only 19 drugs (4%) were successful in reaching the market.

They said their valuation is based on a probability-adjusted net present value (NPV) analysis of ifenprodil - Algernon's lead drug candidate.

What the boss says:

Commenting on the company's plans for 2021, Algernon Pharmaceuticals CEO Christopher Moreau said in a statement: "The company is in a unique position to leverage its capabilities in identifying compounds for repurposing and managing clinical trials, and to advance additional compounds into clinical studies in a timely and cost-effective manner."

He added: "Our Chief Scientific Officer Dr Mark Williams and I have stated many times that one of our key corporate goals was to have multiple compounds in clinical trials at the same time in order to improve our chances of a success,

and that is what we intend to achieve."

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