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Therapix Biosciences

Pharma & biotech

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Cannabinoids for underserved diseases

Therapix recently underwent an IPO on NASDAQ in the US of 2.3m ADS (worth $13.8m) to finance the clinical development of cannabinoid products. The lead clinical program, THX-TS01, is a combination of THC, the primary active ingredient in cannabis, and palmitoylethanolamide, a molecule generally regarded as safe, which is approved for use as a health supplement in some parts of Europe and Canada. THX-TS01 is currently in Phase II trials testing its potential for treating Tourette's in adults. Therapix also has a preclinical program, dubbed THX-ULD01, seeking to treat mild cognitive impairment (MCI) using ultra-low dose THC, which is scheduled to begin Phase I trials in late Q217 or Q317. Both programs should qualify for a 505(b)(2) pathway to streamline their approval processes.

THX-TS01: A potential Tourette's treatment

According to the National Institute of Neurological Disorders and Stroke, 200,000 people in the US suffer from Tourette Syndrome, approximately one-third of whom are adults, which qualifies the program for an orphan drug designation from the FDA. THC has previously shown potential for movement disorders and independent pilot studies in Tourette's have been promising. Therapix expects to complete the single-arm, open-label Phase IIa trials currently underway at Yale University in Q317. It also recently announced that an investigator sponsored Phase II placebo controlled crossover study would commence at Hannover Medical School in Q317.

THX-ULD01: Easing cognitive decline

MCI is a symptom cluster that can afflict patients with early Alzheimer's disease, hypoxia or traumatic brain injury, among others. Therapix is investigating THX-ULD01 as a treatment primarily for MCI using an ultra-low dose of THC. Phase I results are expected in H217, which should enable initiation of a Phase II clinical study around the end of the year.

Valuation: Enterprise value of $12.4m

We calculate the enterprise value of Therapix at $12.4m (based on December 2016 filings indicating $727,440 year-end cash and estimated IPO net proceeds). The valuation may improve as Therapix's drugs are entering historically underserved markets and the path to commercialisation is streamlined by seeking approval via a 505(b)(2) pathway. The company recently raised $13.8m in the public offering of ADSs on NASDAQ (2.3m at $6.00). It may require additional capital to bring its drugs to market, which may result in significant dilution, but the current cash level is expected to take THX-TS01 through Phase IIb and THX-ULD01 through Phase IIa.

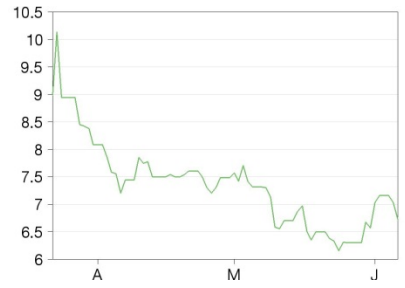
Historical financials

Year end	Revenue (NISm)	PBT (NISm)	EPS (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/14	0.0	(7.3)	(0.45)	0.0	N/A	N/A
12/15	0.0	(10.2)	(0.43)	0.0	N/A	N/A
12/16	0.0	(7.7)	(0.21)	0.0	N/A	N/A

Source: Company filings

Price	**US$6.72**
Market cap	**US$22m**
	NIS3.55/US$

Share price graph



Share details

Code	TRPX
Listing	NASDAQ
Shares in issue	3.2m

Business description

Therapix is an Israeli pharmaceutical company developing two cannabinoids to treat Tourette syndrome and mild cognitive impairment. It is currently in Phase IIa and soon to begin Phase I, respectively, and owns or licenses several IPs for cannabinoid nasal and sublingual administration.

Bull

- Streamlined regulatory path.
- Potential to apply for orphan drug designation.
- Cannabinoid administration IPs may provide an edge over competing cannabinoid drugs.

Bear

- Potential customers may resort to medical marijuana, which contains similar active ingredients at a lower price.
- Existing Tourette's treatments may limit market penetration.
- Early stage of clinical trials.

Analysts

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