



Real Money

The New Small Biotechs Heating Up the Medical Cannabis Space

These companies are working to plant their flag in a new landscape.

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Pharmaceutical companies have no desire to be left behind as medical cannabis gets legalized in more states. The likelihood of even adult-use cannabis getting legalized is looking pretty solid, too. That has these companies working to see where they can plant their flag in the new landscape.

ReFormation Pharmaceuticals

ReFormation Pharmaceuticals is led by scientist, founder, CEO and chief science officer, Professor Jagdeep Nanchahal, of the University of Oxford. ReFormation Pharmaceuticals has identified a molecule (HMGB1) that primes the body's own stem cells to accelerate repair and regeneration following acute or chronic injury. The scientists combine this molecule and a synthetic non-psychoactive cannabinoid, which they are developing into a first-in-class therapy.

Resinco Capital Partners ([RSCZF](#)) (CSE: RIN) just fully acquired ReFormation Pharmaceuticals.

"Many pharma companies had programs in cannabis receptors, but did not pursue their efforts until now. They have deep pockets and good starting points, saving themselves several years of research. Companies like ReFormation Pharmaceuticals, a second

generation medical marijuana company, has the upper hand against new pharmaceuticals that will take an average of 10 years to develop a drug," said Alex Somjen, Resinco CEO.

Resinco Capital Partners is an investment company specializing in providing early-stage financing to private and public companies as well as medical cannabis pharmaceutical companies. It engages in new, early-stage investment opportunities in previously underdeveloped assets and obtaining significant positions in early-stage investment opportunities that adequately reflect the risk profile.

Somjen added, "The Global Stem Cells Market is estimated to grow to \$9.03 Billion by 2023 and having a company that focuses on an innovative approach to repair vital organs will be a beneficial investment as we position ourselves as a global investment company with an emphasis in 'Second generation' medicinal marijuana companies."

CannBioRex Pharmaceuticals

CannBioRex Pharmaceuticals Corp. is a medical cannabis company based in Toronto, but its research and development is being conducted in the U.K. and Israel. Prof Sir Marc Feldmann and Prof Raphael Mechoulam worked together for 20 years before founding CannBioRex. Feldman is the CEO and co-founder of the company.

CannBioRex uses synthetic pharmaceutical-grade cannabinoids to treat arthritis, pain (acute and chronic), diabetes and obesity. Feldman is credited with the discovery and commercialization of the anti-TNF drug used for rheumatoid arthritis that has generated sales of \$36 billion in the U.S.

"Professor Raphi Mechoulam and I formed CannBioRex in 2018 specifically for the purpose of developing synthetic compounds related to non-psychoactive moieties of cannabis into FDA-regulated pharmaceutical treatments for a number of unmet needs. This is the second generation of the medical cannabis industry, which intends to develop cannabis treatments through rigorous clinical trials using FDA approved practices, where the medical benefits are based on hard science and government regulation," said Feldmann.

In October 2018, CannBioRex filed a preliminary prospectus for an initial public offering (IPO) for gross proceeds of \$7 million through the issuance of common shares to be

priced. The company applied to list its common shares on the Canadian Securities Exchange (CSE). Canaccord Genuity Corp. acts as sole underwriter for the offering. CannBioRex has raised over \$4.3 million in equity financing since its inception in March 2018. Its last financing was priced at \$0.10 per share.

Katexco Pharmaceuticals

Katexco Pharmaceuticals is another medical marijuana pharmaceutical company that is developing innovative, orally available therapies using endocannabinoid and nicotine receptors to treat inflammatory diseases. At this time, the company is private, but worth keeping an eye on. The company was created by Stanford University scientific pioneers and collaborators, Dr. Jonathan Rothbard and Professor Lawrence Steinman.

Rothbard is CEO, Chief Scientific Officer and Co-Founder of Katexco. His track record includes founding Amylin Pharmaceuticals, which AstraZeneca ([AZN](#)) acquired in 2012.

This company is focused on treating inflammatory diseases and gastrointestinal disorders (like Crohn's disease), gout and multiple sclerosis. Katexco has taken exclusive licenses from Stanford University on key technology necessary for the development of its proprietary pharmaceutical.

"Many pharmaceutical companies have identified small molecular weight and orally bioavailable agonists of cannabis which were tested in preclinical experiments and will now enter human trials in 2019," said Rothbard. "There will be an expansion of possible indications, not just for pain and inflammation but also extending from gastrointestinal to cardiac indications. Patients and consumers will start looking for quality and quantifiable dosage which will be provided by pharmaceutical companies rather than the current nutraceutical companies that are getting product from anywhere and prescribed loosely."

Dr. Steinman also served on the Board of Directors of Centocor, which was sold to Johnson & Johnson ([JNJ](#)) for \$4.9 billion in 1998. He also founded Neurocrine Biosciences NBIX in 1992 and served on its Board of Directors.

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