# Drolet Stock Notes on Hemostemix: Regenerating Stem Cells to Treat Diseases

Mario Drolet, President of MI3 Communications Financières Inc. (MI3), released his Drolet Stock Notes on Hemostemix Inc. (TSXV: HEM | OTCQB: HMTXF) on February 22, 2022, for exclusive distribution on InvestorIntel. Highlights include:

- Hemostemix is a clinical-stage biotechnology company focused on developing and commercializing a proprietary autologous stem cell therapy to treat ischemic diseases.
- 91 Patents issued Worldwide 5 patent families including automation of production.
- 500 treatments demonstrating success as a compassionate therapeutic of ischemic cardiomyopathy and angina, CLI, PAD, COPD, Idiopathic pulmonary hypertension, vascular dementia.
- HEM sitting on bottom, Financing in the making, advancing research.
- Support: S2; $ 0.13  S1; $ 0.14  Resistance:  R1; $0.15  R2; $0.165


**About Hemostemix Inc.**

Hemostemix is a publicly traded autologous stem cell therapy company, founded in 2003. A winner of the World Economic Forum Technology Pioneer Award, the Company developed and is commercializing its lead product ACP-01 for the treatment of CLI, PAD, Angina, Ischemic Cardiomyopathy, Dilated Cardiomyopathy and other conditions of ischemia. ACP-01 has been used to treat over 300 patients, and it is the subject of a randomized, placebo-controlled, double-blind trial of its safety and efficacy in patients with advanced critical limb ischemia who have exhausted all other options to save their limb from amputation.

**PLEASE DO YOUR DUE DILIGENCE**

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# The light at the end of the tunnel for Awakn Life Sciences addiction treatment by Psychedelic therapeutics

As an investor, I like to look for companies that have tremendous leverage to success. I often write about junior mining stocks and get pretty interested when they have plenty of drill results pending. If it is a pure exploration play, then news of any sort of economic drill holes can often make a stock pop (unless you are unfortunate enough to announce your information in a market like we've seen over the last week or so, in which case who knows what will happen). It's not often you can find this same kind of opportunity in a biotech company. Typically, there is a bloated share structure given it often takes many years, and a lot of money, to achieve any notable success. Certainly, it can happen, if you find a cure for cancer or perhaps create a vaccine that stops a pandemic, then it doesn't really matter what your share structure looks like, you can still get that magnificent rally that every shareholder dreams about. But today we are going to look at a

company that isn’t your typical biotech firm.

Awakn Life Sciences Corp. (NEO: AWKN | OTCQB: AWKNF) is in the unique position of having a relatively tight share structure (only 25 million shares outstanding), recently announced positive results from a Phase IIb Clinical Trial, recorded its first-ever quarterly revenue in Q3/21, and has ample cash in the treasury (C$ 5.7 as of Oct 31/21) to fund operations for the foreseeable future. I view this as an outstanding starting point for a biotech company that could provide an investor with pretty good upside to any future successes along the way. So, let’s have a closer look at Awakn and what that upside could be.

Awakn Life Sciences is a biotechnology company, researching, developing, and delivering psychedelic therapeutics to better treat addiction. Awakn’s team consists of world leading chemists, scientists, psychiatrists, and psychologists who are advancing the next generation of psychedelic drugs and therapies to be used together in treatments. Unlike other medical disciplines, psychiatry focuses on maintenance rather than cure, and on symptom suppression rather than addressing the root causes of these illnesses. The exception is psychedelics and psychedelic-assisted psychotherapy which have the potential to radically change addiction treatment and deliver significantly better patient outcomes.

But why the focus on addiction? It is because addiction is one of the biggest unmet medical needs globally with substance and behavioral addictions affecting a significant proportion of the global adult population. As a potential investor here are some key metrics: The global substance addiction treatment industry was valued at US$16 billion in 2021 and is forecast to increase to US$25 billion by 2027, while the overall global addiction rehabilitation and recovery industry was estimated to be valued at US$140 billion per annum in 2021. The latter includes behavioral disorders like gambling, binge eating, and internet gaming (which my wife claims I suffer from).

Awakn is making excellent progress in tapping into the addiction market, particularly Alcohol Use Disorder (AUD). AUD is a pervasive and persistent public health issue, affecting at least 390 million people globally. Treatment rates are low and relapse rates, post-treatment, tend to be high. New and more effective treatments are urgently needed. To that end, on January 11th the Company announced ground-breaking positive data from their Phase II A/B trial using Ketamine-Assisted Therapy for the treatment of AUD. Primary and secondary endpoints were achieved, including 86% abstinence over 6 months post-treatment and no serious adverse events (results were published in the American Journal of Psychiatry). The positive Phase II trial outcome paves the way to progress this trial into Phase III, with the ultimate aim of securing regulatory approval for Ketamine-Assisted Therapy to treat AUD in the UK through the NHS and potentially in other regions.

On the revenue front, Awakn achieved its first earning of patient service revenue through the acquisition of Axon, a leading ketamine-assisted psychotherapy clinic in Norway, which the Company acquired on October 5, 2021. Additionally, their Bristol, UK clinic was opened in October 20, 2021 with patient intake beginning in November. Each clinic is anticipated to generate on average £3 million (US$4 million) revenue per annum and Awakn targets 20 clinics by the end of 2024. A third clinic in London is expected to open in Q1/22 with leases currently under negotiation in Manchester and Dublin.

Source: Awakn Life Sciences Corporate Presentation

Depending on the rollout of the clinics and the corresponding uptake of the associated services it's not unreasonable to see Awakn get close to generating enough revenue to self-fund its ongoing research and clinical trials. Awakn had a market cap of C$51 million as of yesterday's close, which could be a paltry 2x annualized patient service revenue by mid-2022. All of a sudden that would make this Company very positively levered to any clinical success given the small number of shares outstanding and potentially little to no further dilution required to fund R&D.

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# Hemostemix steps into the new year with capital and its critical clinical study data in hand

With a new management team spearheading Hemostemix Inc. (TSXV: HEM | OTC: HMTXF), the Company started 2021 with its critical clinical study data in hand. Raising over $4 million in 2020 and then in December adding an additional $4 million to the coffers ($2.75 million at a 50% premium), Hemostemix completed a 1-for-20 share consolidation as it charges into the New Year.

Receiving a copy of its entire clinical trial database relating to the clinical trial for Critical Limb Ischaemia (CLI) using its ACP-01 therapy (Angiogenic Cell Precursors) in November 2020 was a key event for Hemostemix's management team and it garnered real interest from the market.

**Hemostemix – Platform for Stem Cell Therapies**

Based in Calgary and founded in 2006, Hemostemix is a clinical-stage biotechnology company specializing in blood-derived stem cell therapeutics with its lead product (ACP-01) in Stage 2 clinical trials for the treatment of CLI.

CLI is a disease caused by the narrowing of arteries in the limbs, particularly the legs, hands, and feet, causing chronic pain and soreness. Untreated CLI can sometimes require the amputation of the specific limb.

Stem cell treatments have been used for over 30 years to treat people with cancer conditions such as leukemia and lymphoma.

There are two main types of stem cell transplants: allogeneic and autologous. In an allogeneic stem cell transplant procedure, the patient receives stem cells from a donor. In an autologous stem cell transplant procedure, the patient provides themselves the stem cells for the procedure from various sources, including bone marrow or blood.

Hemostemix's autologous stem cell therapy platform uses the patient's own blood to harvest the stem cells and the treatment helps to restore circulation in the damaged tissues.

Hemostemix has a strong intellectual property (IP) portfolio of 91 patents and has treated more than 500 patients with clinical results showing an improvement in 83% of the patients receiving its ACP-01 stem cell therapy.

Advantages with Hemostemix's process include the use of blood, which is safer and less invasive than extracting bone marrow, and since you are using the patient's own blood, there is no immune rejection.

The clinical trials have shown that ACP-01 is safe and effective in the treatment of CLI. Now that Hemostemix has received the entire clinical trial database, it has entered

into a contract with a new Clinical Research Organization (CRO) to complete the midpoint statistical analyses of the efficacy of ACP-01 and expects to publish the results this quarter.

**Hemostemix – Not a 1-Trick Pony Company**

ACP-01 has the potential to treat other conditions such as Angina, Ischemic & Dilated Cardiomyopathy, and Peripheral Artery Disease (PAD). Currently, Hemostemix is preparing for Phase 2 trials for the treatment of Angina and is seeking joint-venture partners to fund the other Phase 2 trials.

Hemostemix has also developed NCP-01 (Neural Cellular Precursor) from blood with the potential, through building new neuronal lineage cells in a patient, to treat Alzheimer's disease, Amyotrophic Lateral Sclerosis (ALS), Parkinson's disease, spinal cord injuries, and stroke-related issues. NCP-01 is currently in the R&D phase and is pre-clinical.

**Market Size**

According to the American Heart Association, Cardiovascular disease (CVD) accounted for approximately 1 of every 3 deaths in the United States in 2019.

Factors that increase the risk of CLI include diabetes, high cholesterol levels, high blood pressure, obesity, or smoking, all risk factors also associated with CVD.

Unfortunately, most of these factors are increasing at an alarming rate – a study by the Centers for Disease Control and Prevention (CDC) in the United States, showed the prevalence of diagnosed diabetes has more than doubled from 3.3% in 1995 to 7.40% in 2015, affecting 23.4 million Americans.

According to a market research report released in 2019, the value of just the global CLI treatment market is projected to reach US$5.39 billion by 2025, up from US$3.13 billion in

2018, at an annual growth rate of 8%.

**Competitive Landscape and Market Cap Comparisons**

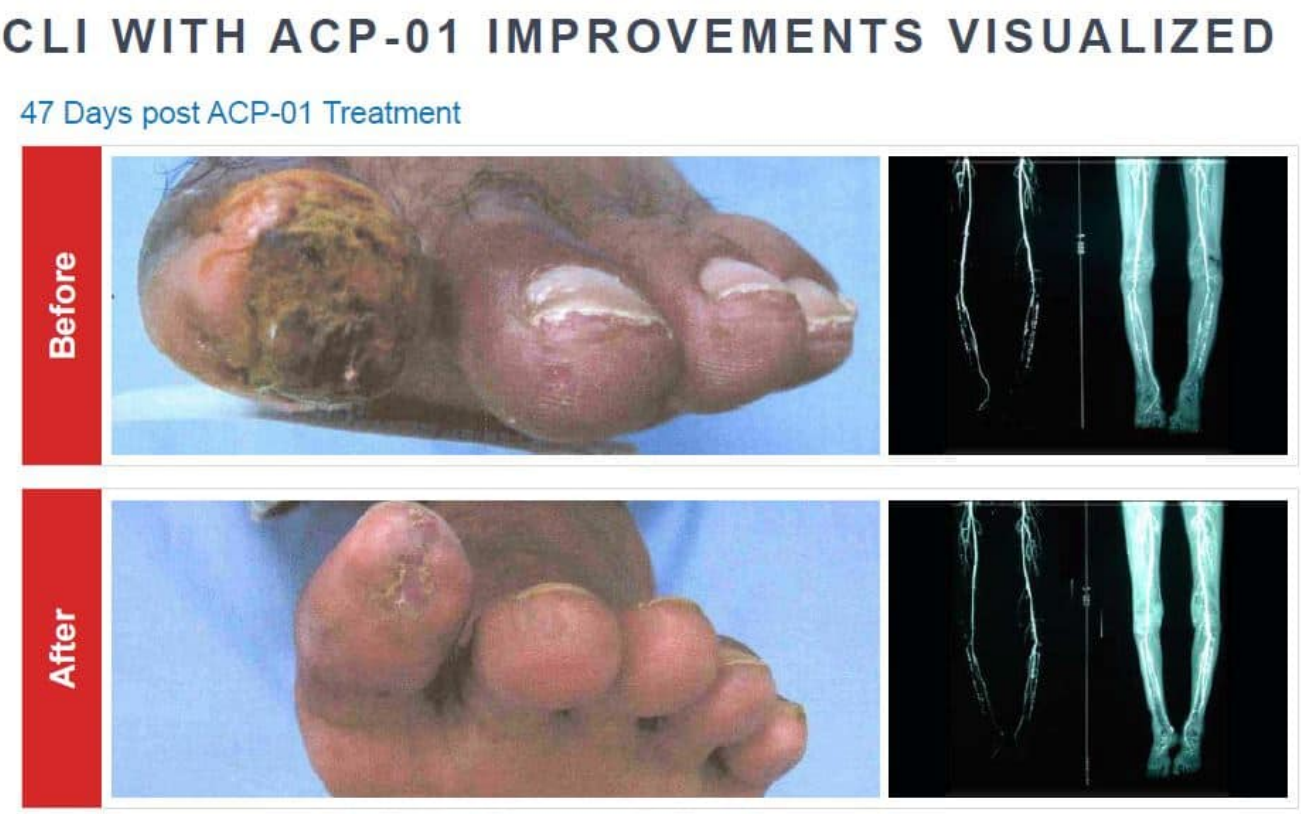
Even with Hemostemix's recent market surge, its market cap is only C$32.5 million. Similar-sized biotech companies focusing on CLI trade much higher.

Cynata Therapeutics Limited (ASX: CYP) is an Australian biotechnology company with a Phase 2 clinical-stage trial for its stem cell therapy for CLI using bone marrow and has a market cap of C$93.6 million.

Pluristem Therapeutics Inc. (NASDAQ: PSTI) is a Phase 3 bio-therapeutics company, based in Israel, that also has an allogeneic cell therapy for the treatment of CLI using the placenta and has a market cap of C$231.9 million.

In November 2020, Bristol-Myers Squibb Company (NYSE: BMY) bought MyoKardia, Inc. for US$13.1 billion. MyoKardia was a clinical-stage biopharmaceutical company that developed therapies for the treatment of cardiovascular diseases and its lead product was a Phase III clinical trial drug used in the treatment of hypertrophic cardiomyopathy (HCM).

**As a company shifts from Phase 2 to Phase 3 clinical trials, the market cap often has a step-function shift higher, making it an ideal time to look at Hemostemix.**

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# Rapid and accurate testing the key to a return to normalcy

## And here are three companies working on it.

Imagine a global pandemic caused by a new virus. Apparently it has been around for 6, 8 or 10 months and may or may not have come from China (depending on which expert is talking on any given day).

The symptoms are multiple (and variable and inconsistent between infected people, or so it seems) and the test for it is a long nasal swab inserted into your body that is uncomfortable at best but usually quite painful.

Then imagine that the test results (none of which may be accurate) take 2-6 days and may come back as:

- Positive
- Negative
- False Positive
- False Negative

Oh, and apparently, there is also a blood test for antibodies which would tell you if you had the virus… but actually there are many (unreliable) blood tests that may produce the same range of four results as above.

Exhausted yet? We all are, as the current pandemic has set the world on its ear, crippled the global economy and created an undeniable environment of fear.

However, there are glimmers of hope for accurate testing which would allow the world to get back to an almost pre-virus life. Instead of waiting days for suspect results, companies are focusing on technology using quick, accurate, inexpensive and technologically proven procedures that do not require highly trained staff or expensive equipment.

Three Canadian public companies are at the forefront of developing these new, non-invasive, technology driven coronavirus tests that will be accurate, eliminate (mostly) the need for that sketchy nasal swab, and provide nearly instant, accurate results.

**Sixth Wave Innovations Inc. (CSE: SIXW | OTCQB: ATURF)**

The newest entrant in the public markets, Sixth Wave began trading in February 2020 after a previous merger with another

public company and subsequent financings, etc.  Current market capitalization is approximately C$26 million.

Sixth Wave is a development stage nanotechnology company with patented technologies that focus on extraction and detection of target substances at the molecular level using highly specialized Accelerated Molecularly Imprinted Polymers (AMIPs). Since every substance has a unique size, shape and chemical properties, these attributes can be utilized at the individual molecule level to create highly efficient adsorption/detection media to solve problems that cannot be solved with conventional means.

What does this mean? In simple terms, they can detect anything at the molecular level and this technology has already been successfully deployed in both the cannabis and gold mining industries. In practical terms, by using AMIPs, Six Wave's technology could be used to detect COVID-19 in airborne, water and wastewater environments. Further, successful development of their technology could also be rolled out to provide accurate, almost immediate testing for the coronavirus in individuals.

Sixth Wave (along with its partners) recently received approval from the Natural Sciences and Engineering Research Council of Canada to advance virus detection technology testing using AMIP. Successful testing could optimistically be completed before year-end with an available product possible for market in early 2021. A publicly available product could be as simple as a face mask that changes colour if positive for COVID-19.

**Sona Nanotech Inc. (CSE: SONA | OTCQB: SNANF)**

Sona Nanotech is a well-established public company whose technology development of gold nanorods started back in 2013.

The company went public in 2018 and has a current market capitalization of approximately C$677 million, although this has jumped dramatically since February 2020 as a result of the coronavirus pandemic.

Gold nanorods have multiple uses, but the potential for providing near-instant results has very much excited the market. Using lateral flow assay technology testing (comparable to a home pregnancy test), a positive or negative test for coronavirus can be determined without the need for specialist lab equipment or operators. In April 2020, Sona tested a working prototype of the test in a hospital laboratory environment with live, COVID-19 patient samples, achieving positive results. Further testing is underway and of course government approvals will be required

The company's analytical test still requires the dreaded nasal swab for the evaluation source material, but results should be more accurate and available in minutes.

**XPhyto Therapeutics Corp. (CSE: XPHY | OTC: XPHYF | FSE: 4XT)**

Originally created for the cannabis industry, Xphyto Therapeutics has subsidiaries in Alberta and in Germany. Established in late 2017, the company went public in mid-2019 and has a current market capitalization of approximately C$190 million. The company had a strong share price prior to the coronavirus pandemic due to its other products, but application of related technology has caught the market's attention.

Since starting in the cannabis space, the company has branched out in Germany with strategic acquisitions/development agreements in diagnostics and therapeutic films. In part due to the arrival of the coronavirus pandemic, the company first

initiated an infectious diseases program in February 2020 which was directly transferable to developing a low-cost, “real time” oral pathogen screening platform for COVID-19 in March 2020. By July, the company had confirmed successful function of its proprietary COVID-19 RNA probes and its universal coronavirus RNA probes in prototype lateral flow assay testing. Visual confirmation of test results was observed in five to seven minutes.

Short of an actual vaccine, rapid and accurate testing continues to be the Holy Grail in the world-wide response to COVID-19 and the key to a return to economic and social normalcy. These are among the companies to watch with innovative testing technologies.