

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

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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.