

# Revenue is forecast to triple, Valeo Pharma has 10 products in their portfolio

COVID-19 continues to be a huge global problem with global cases now over 112 million. Vaccines are a source of hope but just as valuable are treatments that can help infected COVID-19 patients before they become another horrific statistic.

One specialty pharmaceutical company has a potential anti-COVID-19 product currently in the clinical trial phase. That company is Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF | FSE: VP2) ('Valeo').

Valeo has an anti-COVID-19 product currently in a clinical trial known as the Hesperidin Coronavirus Study. Valeo Pharma's Hesperco™ capsules are Health Canada approved (for immune support) and are at the core of Montreal Heart Institute's Hesperidin Coronavirus Clinical Trial. HesperCo™ is Valeo's unique hesperidin formulation. Hesperidin is a flavonoid with powerful antioxidant properties that helps support the immune system, and may potentially help in the fight against COVID-19.

**Valeo Pharma and Ingenew Pharma are trialing their Hesperco™ flavonoid product in the fight against COVID-19**

Valeo states: "Hesperidin interferes/ inhibits 2 key proteins of SARS-CoV-2 necessary for entry and infection of cells, **suggesting that hesperidin may disrupt the replication rate of the virus and enable infected patients to build natural immunity.** Hesperidin's safety profile and immune-modulatory activity make it a highly promising molecule to intervene at various stages of the COVID-19 infection process.....hesperidin, the medicinal ingredient contained in HESPERCO™ capsules, and

its efficacy against other coronavirus strains are well documented in scientific literature...”

Note: Bold emphasis by the author.

‘Inhibiting COVID-19 entry into our cells’ and ‘boosting immunity’. Wow! This could potentially be a game-changer if successful. With the world currently at **112,654,202 confirmed COVID-19 cases** and **2,496,749 COVID-19 deaths** (as of February 24, 2021), a product that can inhibit COVID-19 while at the same time boosting our immunity would be an incredible breakthrough.

Valeo’s HESPERCO™ development partner is Ingenew Pharma. Ingenew’s President & CEO stated: “Although hesperidin can be found in lower concentration in citrus fruits or some natural health products, a much higher hesperidin concentration, such as the one found in Hesperco™, is required to achieve therapeutic benefits...With its well-documented anti-inflammatory and anti-oxidant activity, hesperidin may also provide further protection to the infected subjects by reducing the COVID-19-induced cytokine storm (severe inflammatory response) observed in severe cases.”

**Valeo Pharma is focusing on specialty products to fight neurodegenerative diseases, cancers, pain, and maybe COVID-19**

#### **About Valeo Pharma Inc.**

Valeo’s business plan is to become a leading Canadian-focused specialty pharmaceutical company and be the partner of choice for international companies wishing to enter the Canadian market. Valeo’s focus is mostly on specialty areas such as neurodegenerative diseases (MS, Parkinson’s, and Schizophrenia), oncology (cancer) and supportive care/pain management, and hospital specialty products.

Valeo partners with pharmaceutical companies that have expertise in research & development and manufacturing while

Valeo concentrates on the regulatory requirements to get a drug approved in Canada and then focuses on marketing the product. Valeo state: "Our focus is getting the product on the market, and we have all the capabilities in-house to register and commercialize innovative pharmaceuticals in Canada."

Valeo currently has 10 products in their portfolio with another 3 in the pipeline.

Valeo's revenue is forecast to triple from FY2020 revenue of C\$8.0 million to a forecast FY2021 revenue of C\$24.0 million.

### **Closing remarks**

Valeo Pharma Inc. trades on a market cap of C\$68 million which seems rather small when we look at much larger pharmaceutical companies such as Pfizer Inc. on a market cap of US\$188 billion. Sure they are not comparable companies in terms of current products, revenues etc; but it does highlight the potential size to which the most successful pharmaceutical companies can grow. If we compare to the successful natural vitamin companies such as Blackmores, it trades on a market cap of A\$1.53 billion.

Valeo's strategy to partner with other product developers means they can reduce R&D expenses, time to market, and focus on marketing & sales. This is a quicker and smarter way to achieve revenues. Valeo's stock is up 128% over the past year so it certainly looks like their strategy is working.

- Valeo Pharma's Steve Saviuk on Hesperidin and reducing the risk of securing COVID-19 (video)
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# Valeo Pharma's Steve Saviuk on Hesperidin and reducing the risk of securing COVID-19

In a new InvestorIntel interview Tracy Weslosky speaks with Steve Saviuk, CEO of Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF) about Valeo's recent news release on the use of its Hesperco™ Capsules at the Core of Montreal Heart Institute's Hesperidin Coronavirus Clinical Trial.

In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Steve went on to say "Hesperidin is a natural product with very good safety profile and potential efficacy." The Montreal Heart Institute is a leading institute that has done a number of trials. Steve commented that for them to be interested in Hesperidin is testament to the many hours of research "...demonstrating that Hesperidin could have a very positive effect on patients that are symptomatic with COVID-19."

Steve also provided an update on the commercial launch of Redesca™ which is a biosimilar used as a blood thinner. He said that the drug has "great market potential" and has recently received a positive recommendation for public reimbursement in Quebec. The company expects to launch the product in early May. "Our revenues are slated to almost triple in the current fiscal year which ends October 21<sup>st</sup>," Steve commented.

To watch the full interview, click here

## About Valeo Pharma

Valeo Pharma is a Canadian pharmaceutical company dedicated to the commercialization of innovative prescription products

in Canada with a focus on Neurodegenerative Diseases, Oncology and Hospital Specialty Products. Headquartered in Kirkland, Quebec Valeo Pharma has all the required capabilities and the full infrastructure to register and properly manage its growing product portfolio through all stages of commercialization.

To know more about Valeo Pharma Inc., [click here](#)

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## **Revenue Forecasted to Triple as Valeo Benefits from Last Year's Successes**

Valeo Pharma Inc. (CSE: VPH | OTC: VPHIF | FSE: VP2) is a specialty pharmaceutical company and its revenue is expected to triple this year as it benefits from last year's licensing successes.

For Fiscal Year 2020, ending October 31, the company forecasted revenue around C\$8.0 million but projects FY2021 revenue in the C\$20-25 million range.

Currently, one analyst covers the company, and she estimates FY2020 revenue of C\$8.0 million, FY2021 revenue of C\$24.0 million, and FY2022 revenue of C\$45.0 million, showing an impressive revenue growth trajectory for the company.

### **Valeo's Business Model**

Valeo focuses on acquiring, in-licensing, and commercializing

pharmaceutical products with a primary focus on three areas:

1. Neurodegenerative diseases, such as Multiple Sclerosis, Parkinson's Disease, and Schizophrenia
2. Cancer treatment (Oncology), such as Soft Tissue Sarcoma and Ovarian Cancer
3. Hospital products, such as pain management, anti-infectives, and critical care

The company partners with pharmaceutical companies that have expertise in Research & Development and Manufacturing while Valeo concentrates on the regulatory requirements to get a drug approved in Canada and then focuses on marketing the product.

Valeo benefits from commercializing a drug without the risk of product development.

Valeo now has 10 products approved for marketing in Canada with another three products in the regulatory process, and seven additional hospital products licensed but not yet approved. (See the Product Portfolio and Pipeline table below.)

Valeo searches for products already licensed in other well-regulated jurisdictions, such as the European Union or the United States, with \$5 million to \$20 million of annual revenue potential in Canada that is below the revenue threshold of larger pharmaceutical companies thereby carving out a profitable niche.

### **Recent Commercial Pipeline Additions**

Valeo's successes last year included:

- Ametop™: Licensed the Canadian rights to Ametop™ from Alliance Pharma and subsequently received approval from Health Canada for the transfer of commercial rights to Ametop™.

- Amikacin: Valeo announced the approval of Amikacin in Canada; Amikacin is an antibiotic used within a hospital setting.
- Ethacrynate Sodium: Valeo received FDA approval for Ethacrynate Sodium and launched the drug into the U.S. market. It was the first U.S. regulatory approval received by Valeo. Ethacrynate Sodium is administered to treat fluid retention and swelling that is caused by medical conditions such as congestive heart failure, acute pulmonary oedema, or renal oedema.
- Hesperco™: Entered into an agreement with Ingenew Pharma regarding Hesperco™, a supplement to support the immune system. In one year, Valeo submitted a natural product license application for Hesperco™ to Health Canada, received approval, and announced that Hesperco™ has started shipping.
- Onstryv®: It announced the launch of Onstryv® for Parkinson's disease and the inclusion of Onstryv® on the list of medications covered in Quebec.
- Redesca™: Valeo received Health Canada approval for the use of Redesca™, an anticoagulant, for the prevention of blood clots. The company expects the commercial launch to impact the first half of 2021 revenue and forecasts \$30 million in annual sales once fully marketed.
- Yondelis®: Signed a licensing agreement with Pharmamar to commercialize Yondelis® in Canada and received approval from Health Canada for the transfer of commercial rights to Yondelis®. Yondelis® is a treatment option for soft tissue sarcoma, a form of cancer.

### **Redesca™ Update and COVID-19 Application**

On January 25, Valeo reported that Redesca™ received a positive recommendation for public reimbursement in the province of Quebec. The drug has been placed on the list of medications covered by Quebec's public drug insurance plan for the prevention and treatment of thromboembolic disorders.

Redesca™ received Health Canada approval last year for sale in Canada and the company is planning to launch Redesca™ during the first half of 2021. Valeo intends to pursue discussions to get Redesca™ included with other provincial drug insurance plans.

Redesca™ gained a spotlight last year when the drug was used to help patients suffering from severe acute respiratory infections caused by COVID-19 infections. Even though it was not a vaccine or COVID-19 treatment, treating the patients with Redesca™ to prevent blood clots, improved the patient survival outcomes.

### **Final Thoughts**

Even after an impressive 230% stock price gain over the past year, shares in Valeo are trading around C\$1.20 and below their recent high of \$1.86, with the potential to move higher as the company reports the results from its commercialization efforts.

With a Market Cap of C\$78 million and an Enterprise Value of C\$82 million, Valeo trades at a forward EV/Revenue of 3.4x based on the analyst's FY2021 estimate.

### **Valeo Pharma's Product Portfolio and Pipeline**

## Product Portfolio

PRODUCT NAME	THERAPEUTIC CLASS	INDICATION*	COMMERCIAL STATUS
Redesca	Biosimilar (LMWH)	Prophylaxis of Thromboembolic Disorders	Approved
Hesperco™	Antioxidant	Immune System Support	Marketed
Onstryv®	Antiparkinson agent	Parkinson's Disease	Marketed
M-Eslon	Narcotic Analgesic	Pain Management	Marketed
Ametop Gel	Topical Analgesic	Local anaesthetic prior to venepuncture	Marketed
Ethacrynate Sodium	Saluretic-Diuretic agent	CHF - Nephrotic Syndrome	Marketed in Canada and the US
Synacthen® Depot	Adrenocorticotropic Hormone	Multiple Sclerosis - Nephrotic Syndrome	Marketed
Ondansetron	Antiemetic	Prevention of nausea and vomiting	Marketed
Benzotropine	Antiparkinson agent	Parkinson's Disease	Marketed
Yondelis®	Antineoplastic agent	Approved	Marketed

## Product Pipeline

PRODUCT NAME	THERAPEUTIC CLASS	REGULATORY STATUS	TARGET LAUNCH (CALENDAR)
Piperacillin/ tazobactam	Injectable Antibiotic	Approved	Q1-2021
Hospital Product	Antibiotic	Filed	Q1-2021
Hospital Product	Antifungal	Filed	Q1-2021

## Hospital Products

Valeo Pharma has acquired the Canadian rights to 7 additional products not yet approved in the territory from 4 different partners. Our hospital product portfolio addresses anti-fungal, antibiotic, pain management and other indications. Regulatory filings will take place over the coming year with marketing approval to follow within 9-15 months.

Source:

# Valeo Pharma on a significant

# upswing with recent Health Canada approvals

In a new InvestorIntel interview Peter Clausi speaks with Steve Saviuk, CEO of Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF), about receiving Health Canada's approval for its anti-coagulant Redesca™ and the use of some its products in battling coronavirus.

"We are in the middle of a significant upswing and growth trajectory," Steve told Peter, with Valeo's stock up over 300% in 12 months. Founded in 2003, Valeo Pharma is a pharmaceutical company dedicated to the commercialization of innovative prescription products in Canada with a focus on neurodegenerative diseases, oncology and hospital specialty products.

Steve discusses Health Canada's recent approval of Redesca™ and Redesca Hp™ low molecular weight heparin (LMWH) biosimilars, which belong to a class of anti-coagulant drugs very much in demand and are now increasingly used as a first line of defense tool in the fight against the symptoms of COVID-19. Steve added that the Canadian LMWH market is in excess of \$200 million annually and the Valeo anticipates being able to capture a significant market share with its growing portfolio of hospital drug products.

As to future growth and valuation, Steve quoted Wayne Gretzky: "It's not where the puck is, it's where the puck is going, and it's the same thing with valuation. You have to look at where we're going to be in a year or two, and that's what is truly exciting."

To watch the full interview, [click here](#).

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# Valeo Pharma's approval and launch of immune support product line Redesca and Redesca HP anticipated to impact first half 2021 revenue

Most investors know that the pharmaceutical industry is a huge and mostly very profitable industry. What they may not know is that it is highly competitive making it hard for new players to break into the sector. One way to do that is to have a specialty focus; another is to bring a new drug to market at the right time. Right now immune support products are a hot sector as coronavirus (COVID-19) continues to ravage the world. A

Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF) ('Valeo') has a specialty pharmaceuticals focus and their newly launched immune support product HesperCo™ looks like being a possible winner as we all look to boost our immune systems to prevent or fight COVID-19. HesperCo™ is Valeo's unique hesperidin formulation. Natural product hesperidin is a flavonoid with powerful antioxidant properties that help support the immune system.

In a September 2020 news release Valeo stated: "We have high expectations for HesperCo™, which will be launched nationally in the coming weeks, as the immune support it provides is needed in the current healthcare environment." Since this

press release HesperCo™ has been launched.

Valeo Pharma's latest product HesperCo™ is an immune support medicine that may potentially prove useful in the fight against COVID-19

## Hesperco(TM) Has Started Shipping



**CSE: VPH | OTCQB: VPHIF**

Source

**Other new Valeo products that have been launched recently – Yondelis, Ametop Gel, Ethacrynate Sodium and soon **Amikacin & Redesca****

- **Yondelis** – An anti-neoplastic (anti-cancer) agent that aims to prevent, inhibit or halt the development of a neoplasm (cancerous growth). Clearly this is a hugely needed and important area.
- **Ametop Gel** – A topical analgesic used for local anaesthetic prior to venepuncture.
- **Ethacrynate Sodium** – A saluretic-diuretic agent that is useful to support Nephrotic Syndrome (a kidney disease that causes patients to pass too much protein in their urine). Commercialization has just begun in the U.S.
- **Amikacin** – A specialty hospital antibiotic. Valeo has recently received Health Canada approval with commercialization to start in the first half of 2021.
- **Redesca and Redesca HP** – Valeo has just announced yesterday that they received Health Canada approval for Redesca and Redesca HP (low molecular weight heparin

biosimilars). Low molecular weight heparin is increasingly used to prevent serious COVID-19 complications such as thrombosis (blood clots) and pulmonary embolism. **Valeo says that commercial launch of Redesca and Redesca HP will impact first half 2021 revenue and is forecast to achieve \$30 million annual peak sales.**

### **More about Valeo Pharma**

Valeo's strategy is to focus on specialty areas such as neurodegenerative diseases, oncology, and hospital specialty products. Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This can be a more effective strategy to gain success, especially for smaller pharma companies.

Valeo Pharma is driven by the desire to become a leading Canadian focused specialty pharmaceutical company and to be the partner of choice for international companies wishing to enter the Canadian market.

Valeo had a productive Q3, 2020 with 4 new products added to their commercial pipeline. Q3 net revenues were C\$1.5 million and YTD 2020 net revenues were C\$5.3 million.

### **Valeo Pharma's product portfolio and product pipeline**

## Product Portfolio

- click on the product name for details

PRODUCT NAME	THERAPEUTIC CLASS	INDICATION*	COMMERCIAL STATUS
<a href="#">Hasperco™</a>	Antioxidant	Immune System Support	Marketed
<a href="#">Onstryv®</a>	Antiparkinson agent	Parkinson's Disease	Marketed
<a href="#">M-Eslon</a>	Narcotic Analgesic	Pain Management	Marketed
<a href="#">Ametop Gel</a>	Topical Analgesic	Local anaesthetic prior to venepuncture	Marketed
<a href="#">Ethacrynate Sodium</a>	Saluretic-Diuretic agent	CHF - Nephrotic Syndrome	Marketed in Canada
<a href="#">Synacthan® Depot</a>	Adrenocorticotropic Hormone	Multiple Sclerosis - Nephrotic Syndrome	Marketed
<a href="#">Ondansetron</a>	Antiemetic	Prevention of nausea and vomiting	Marketed
<a href="#">Benztropine</a>	Antiparkinson agent	Parkinson's Disease	Marketed
<a href="#">Yondelis®</a>	Antineoplastic agent	Approved	Marketed

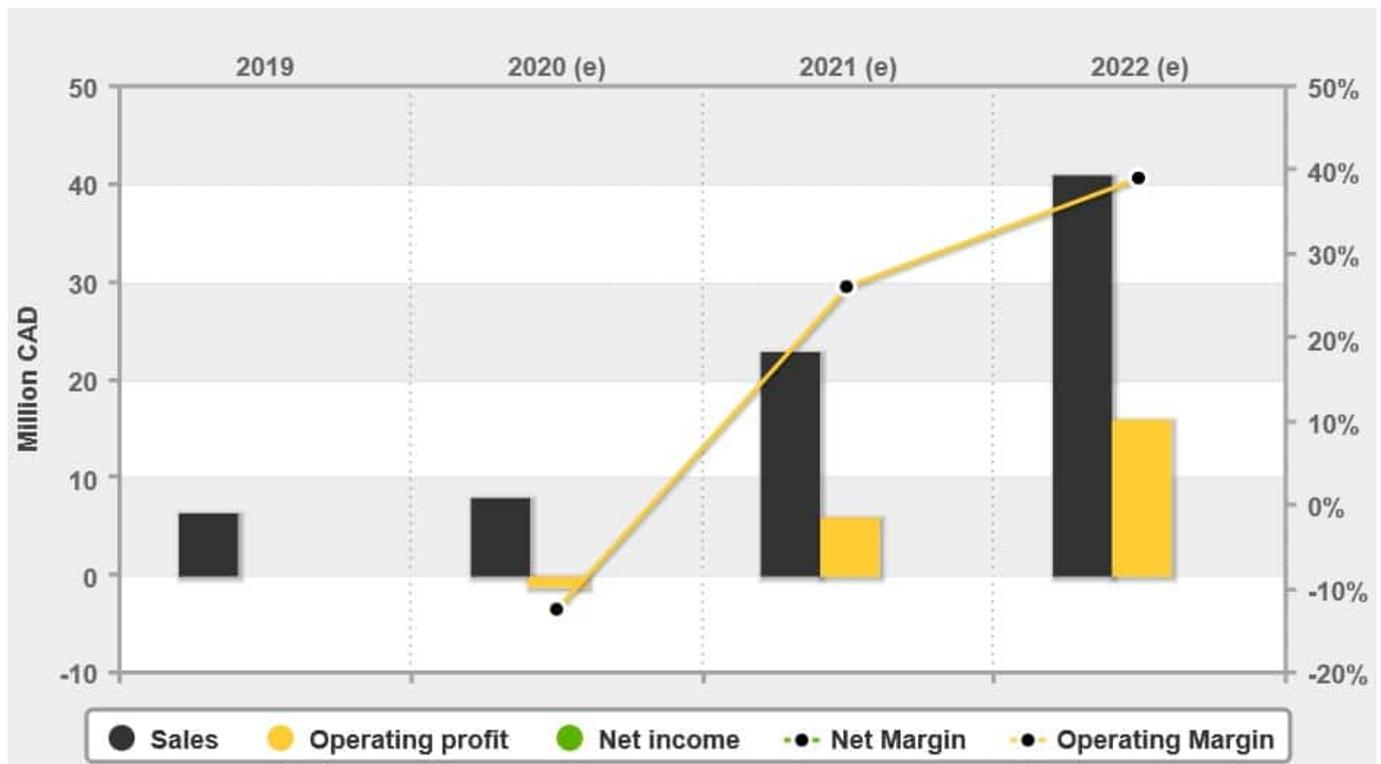
## Product Pipeline

- click on the product name for details

PRODUCT NAME	THERAPEUTIC CLASS	REGULATORY STATUS	TARGET LAUNCH (CALENDAR)
<a href="#">Bioflavonoid</a>	Antioxidant	Filed	Q3-2020
<a href="#">Ethacrynate Sodium (USA)</a>	Saluretic-Diuretic agent	Approved (USA)	Q3-2020
<a href="#">Redesca</a>	Biosimilar (LMWH)	Filed	Q4-2020
<a href="#">Piperacillin/ tazobactam</a>	Injectable Antibiotic	Approved	Q1-2021
<a href="#">Hospital Product</a>	Antibiotic	Filed	Q1-2021
<a href="#">Hospital Product</a>	Antifungal	Filed	Q1-2021

Source

**Valeo Pharma's revenue is forecast to grow very strongly through to 2022**



Source: 4-traders

### Closing remarks

Specialty pharma in the areas of infectious disease (think COVID-19), oncology (cancer), neuro-degenerative diseases (think nerve diseases), and hospital specialty products all look to be areas of strong future demand.

Valeo Pharma is focusing on these high growth specialty areas in Canada. As a result of past products and several recent new product launches Valeo's revenue is forecast to increase sharply in the next 2 years. The current market cap is C\$74 million.

# **Kozak on how Valeo Pharma's innovative natural health-based product lines are carving their niche in specialty pharmaceuticals**

**“Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables the company to use a relatively small salesforce to target these physicians and to profitably capture market share.” – excerpt**

Type in the phrase “modern medicine” into any search engine, and you will be inundated with results – 1.2 million just came up. Through the 19th, 20th and now the 21st centuries, the way that people are living, and working has changed dramatically. These changes especially, affected the risk of infectious diseases – clearly evidenced by what we are seeing with the current coronavirus global pandemic.

Starting in the early 1800s, scientists began to understand the mechanism of infections, disease etc. Notable accomplishments in medical microbiology were made by Louis Pasteur and others to start an evolution which over the last 200 years has given us a world in which pharmaceuticals are available for almost anything imaginable, including weird

little bacteria in southeast Asia that create a body full of sepsis.

The pharmaceutical industry is one of the most active and innovative industries in Canada and it is estimated to be the 10th largest market in the world. It is made up of companies developing and manufacturing innovative medicines and pharmaceutical products as well as a rapidly developing field in natural health-based and biologic products. One of these companies is Valeo Pharma Inc. (CSE: VPH | OTCQB: VPHIF). The company went public through a non-offering prospectus at the end of 2018 and currently has a market capitalization of approximately C\$51 million.

Founded in 2003, the company initially focused on dermatology and hospital products, a product portfolio that was sold in 2014. Since that time, it has been acquiring innovative, patent protected, pharmaceutical products in specific therapeutic areas for the Canadian market, building a strong diversified pipeline with access to proprietary deal flow. In select situations, Valeo will also engage in the in-licensing, acquisition of product rights or development of injectable generic products.

Valeo's strategy is focused on three key therapeutic areas:

- Neurology (including Multiple Sclerosis and Parkinson's Disease and others)
- Oncology (including soft tissue sarcoma, ovarian cancer and others)
- Hospital Products (pain management, including narcotics, anti-infectives and critical care)

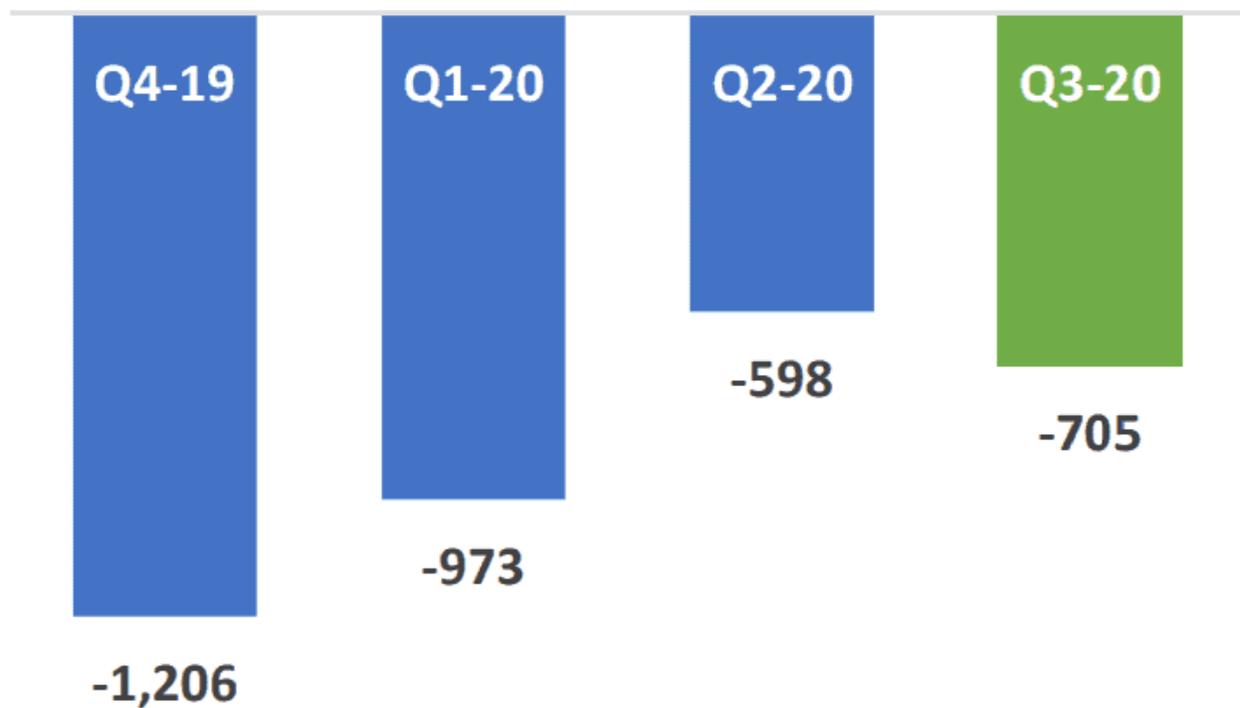
Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables the company to use a relatively small salesforce to target these physicians and to profitably capture market

share. This targeted approach may be applied in assessing all innovative pharmaceutical products and is a determinant of whether Valeo will enter a new therapeutic area or add a new product.

The company has a stated desire “to become a leading Canadian focused Specialty Pharmaceutical company and be the partner of choice for International companies wishing to enter the Canadian market.” Brand-name products account for 79.3% of Canadian sales and 30% of prescriptions. Generics account for the rest of an estimated C\$40 billion market in 2018, so there is room for a profitable, well-run company.

The management team has almost 20 years of experience in the pharma industry in Canada, with some well-established relationships. But it is still about the numbers – at the end of Q3-2020 (July 31), the company’s product portfolio included eight commercial stage products as well as five products currently in pre-launch and/or regulatory stage.

## Adjusted EBITDA Loss last 12 months



Source: Valeo Pharma

As shown above, the company is not yet EBITDA profitable, but according to management, “Q4-20 and beyond, with new products sequentially contributing to our topline, and the benefit of operational streamlining, we expect our key operational metrics (gross to net ratio, product mix and SG&A leverage) to improve, thus driving incremental gross and net margins and positioning Valeo to exit Q4-20 as a profitable EBITDA company.”

The company continues to search for innovative products within its targeted areas of focus and maintains active business development activities to achieve this goal. The regulatory environment in Canada is such that the average timeline from commencing the registration process to receiving marketing approval ranges from 12-18 months. In circumstances where a product has an existing DIN, the time between the signing of

the license and the start of commercialization is approximately 6-9 months. Management believes that the company possesses all the required expertise to manage all aspects relative to the filing, registration, as well as successfully launching the products currently in its pipeline.

The pharmaceutical industry is very competitive, but it would appear that Valeo has carved out a competitive niche and has the experience to grow and prosper. The company just raised C\$6.9 million through a bought deal financing, so is financed to support operations should their forecast of EBITDA profitability by the end of their fiscal year not be realized. The company had approximately \$3.0 million of debenture debt maturing in 2022 (~50%) and 2023 (~50% and convertible) at the end of July 2020, so there is no immediate stress assuming revenue growth is achieved.

This is probably a company to watch, as demonstrated by the share price after Q2-2020 financial results were announced (July 2, 2020). Delivering on management's strategy will be rewarded in the marketplace.



Source: TMX.COM