



## As the Focus on Psychedelic Stocks Increases, So Do the Valuations

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Stocks quotes in this article: [CMPS](#), [MMEDF](#), [CLXPF](#), [MYCOF](#), [CGC](#)

With so many new IPOs and companies launching in the psychedelic industry it's important to fully evaluate the major factors of success or failure in the industry. There are various steps that companies take to have a drug approved and to successfully complete them it takes years and tens of millions of dollars. The further ahead a company moves in the approval process, the more valuable the company becomes, and that is why there is so much excitement for Compass Pathways ([CMPS](#)). Institutional and retail investors are in a frenzy to get a position. The company is in Phase 2b and has received a "Breakthrough Therapy" designation from the FDA, meaning that their therapy has the potential to be more effective than available medications.

Currently there are only a handful of companies that have:

- Access to psychedelic compounds
- A clear idea of the disorder they are targeting, also known as drug indication
- Are actively running a clinical trial.

It's important for investors to be mindful of the stage a company is in and to fully evaluate if a company they are investing in has the potential to be successful.

The only companies that have Phase 2 clinical trials now are Compass Pathways, Mind Medicine ([MMEDF](#)), Cybin Inc. ([CLXPF](#)), and Mydecine Innovations Group ([MYCOF](#)). Here's an analysis of these biotech players and we highlight the most undervalued company in the industry.

### What is the Drug Discovery Process?

The drug development process being undertaken is to ensure these treatments are safe and effective for consumption.

1. The drug is investigated and screened tested on animals to prove safety (can be skipped since psilocybin has been proven safe and effective)
2. Investigational drug application to FDA and Health Canada is submitted that includes, drug composition, formulation and manufacturing process
3. Clinical Trial Plan including selection of location
4. Recruitment of volunteers
5. Analysis of findings and submission
6. Approved to move to next Phase in larger population

### Psychedelic Companies with Phase 2 Trials Valuation Comparison

Biotechnology companies are hard to value as it's hard to predict success of clinical trials. Biotech companies are unique types of investments that can either pay off handsomely or end with a complete loss of capital. One of the best ways to value a company is by looking at the size of the addressable market and estimating the potential market penetration.

The reason Compass Pathways is leading the charge in psychedelics is they have a drug that is more effective than anything available, has a total addressable market of 16 million adults, and can upend this entire market as a whole.

### What key parameters to look for valuing biotech companies?

1. Experienced Science team
2. Experienced Management Team
3. Intellectual property protection
4. Large addressable market
5. Potential Market Penetration Possible
6. Access to patients
7. Access to active ingredients
8. Unique R&D Capabilities
9. Scientific Community Collaborations

## Compass Pathways

COMPASS Pathways operates as a mental health care company in the UK and the U.S. It develops COMP360, a psilocybin formulation, which is in Phase IIb clinical trial to treat patients with treatment-resistant depression. The company is currently the most valuable and most well-known company in the industry and has raised over \$250 million since its inception.

**Current Market Cap: \$1.57 Billion**

**Drug in development:** COMP360 Psilocybin for Depression

**Indication:** Treatment Resistant Depression

**Total Addressable Market:** \$1.12 billion by 2024

**Stage:** Phase 2B

**Location:** Multiple sites globally

## Mind Medicine Inc.

Mind Medicine, also known as MindMed, is a neuro-pharmaceutical company that discovers, develops and deploys psychedelic inspired medicines to improve health, promote wellness and alleviate suffering. The company's immediate priority is to address the opioid crisis by developing a non-hallucinogenic version of the psychedelic ibogaine. In addition, the company has established a microdosing division to conduct clinical trials of LSD microdosing for adult ADHD. The company has also added MDMA to its R&D pipeline to explore MDMA's potential to treat mental health disorders.

**Current Market Cap: \$977 Million**

**Drugs in development:** LSD for Adult ADHD, LSD for Suicide Headaches, Ibogaine for Addiction

**Indication:** Various

**Total Addressable Market:** Unknown but the largest of all studied companies

**Stage:** Phase 2a

**Location:** Multiple sites globally

## Cybin Inc.

Cybin is a life sciences company advancing psychedelic pharmaceutical treatments for various psychiatric and neurological conditions. Cybin is developing technologies and delivery systems, aiming to improve bioavailability, to potentially achieve the desired medicinal effects of psychedelics at low dosage levels. The new delivery systems are expected to be studied through clinical trials to confirm safety and efficacy.

**Current Market Cap: \$203 Million**

**Drug in development:** Sublingual Psilocybin Delivery Mechanism for Depression

**Indication:** Major Depressive Disorder

**Total Addressable Market:** \$5.8 billion by 2025

**Stage:** Phase 2 A

**Location:** University of West Indies Jamaica

## Mydecine Innovations Group

Mydecine Innovations Group is a life sciences company dedicated to developing and commercializing innovative solutions for treating mental health problems and enhancing well-being. The company's world-renowned medical and scientific advisory board is progressing a robust R&D pipeline of psychedelic derived therapeutics, novel compounds, therapies, and controlled drug delivery systems. Mydecine has exclusive access to a full cGMP certified pharmaceutical manufacturing facility with the ability to import/export, extract, and analyze natural and synthetic psychedelic compounds with full government approval through Health Canada.

Mydecine was the first company to offer cGMP naturally sourced psilocybin and recently made history again by making the first legal export of Magic Mushrooms. Mydecine has a big focus on intellectual property and is utilizing genome technology (editing plants like what GW Pharma did in Cannabis) under the leadership of Rob Roscow the ex-Canopy Growth ([CGC](#)) head of genetics and at Mydecine's U.S. and Canadian laboratories. The company now has over 20 kilos of psilocybin mushrooms - most

in the industry - and has active ingredients for their trials at a fraction of the cost that Compass Pathways or Cybin ever can with their synthetic drugs.

**Current Market Cap: \$56 Million**

**Drug in development:** Naturally Sourced Psilocybin

**Indication:** PTSD

**Total Addressable Market:** \$10.6 B by 2026

**Stage:** Phase 2 A

**Location:** Multiple Sites Globally

As illustrated above, by making side by side comparisons of companies that are in Phase 2 trial studies, investors can quickly see the size of the addressable audience and the market cap of the company. This makes it easier to see if there is a stock that might have more room for upside than others. As the focus on psychedelic stocks increases, so do the valuations. There is concern that some company valuations have gotten ahead of themselves and investors may want to take that into consideration before hitting the buy button.