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Nevrargenics

Potential neurodegenerative disease disruptor

Nevrargenics is developing novel therapies that modulate the function of retinoic acid receptors (RARs) to treat neurodegenerative diseases. In preclinical studies lead asset NVG0645 has been shown to support neuroprotection and neuroplasticity, with disease-modifying potential. The company has approval from the MHRA in the UK to run a Phase I/II trial, targeting amyotrophic lateral sclerosis (ALS) and frontotemporal dementia (FTD) as initial indications. As this will provide the first signal of safety and efficacy in humans, we view it as a key upcoming inflection point (assuming funding, initial human data could be available by end-2024). Management is seeking $5m in equity funding (at a pre-money valuation of $20m) to support these clinical plans and to expand its platform-based pipeline and compound library to further indications, such as Alzheimer's disease (AD) and Parkinson's disease (PD).

Expanding pipeline with platform approach

Nevrargenics' 20 years of research studying RARs in nerve and brain degeneration combined with its platform approach has allowed it to design a library of novel small molecules that modulate RAR functions. This presents multiple intellectual property opportunities across various neurodegenerative diseases. Preclinical studies have shown early signs of potency, safety and the ability to penetrate the blood-brain barrier with potential for disease modification in ALS, FTD, AD and PD models. The company has MHRA (UK regulatory agency) clearance for a combined Phase I/II trial for NVG0645, targeting ALS and FTD as initial indications with a path to extended market exclusivity through orphan labels. The trial is due to start in H224 and regulatory discussions are underway with the EMA and US FDA. We believe that learnings from initial clinical data, alongside its platform-based approach, could provide a foundation for expansion to further indications, such as AD and PD.

Sizeable opportunity for disease-modifying options

Neurodegenerative diseases afflict c 15% of the global population and the number of cases is rising, posing a significant burden on patients and healthcare providers. Accordingly, this treatment market was valued at c $51bn in 2023 by DataHorizon Research, and is projected to reach c $96bn by 2032 (CAGR: 7.3%). Due to the disease complexity, current treatments typically target symptoms or aim to slow disease progression, but Nevrargenics' RAR-focused approach aims to improve upon available options and is targeting the holy grail of disease modification. Big pharma has shown growing interest in this space across all stages of development, as reflected by recent deals, including AbbVie's acquisition of Mitokinin for its potential disease-modifying PD treatment (>$650m) and Novartis's acquisition of DTx Pharma for its RNA-focused preclinical neuroscience portfolio ($1bn).

Seeking funding to advance clinical progress

To date, Nevrargenics has raised a total of $2.75m through a combination of grants and equity and was recently awarded a UN grant of up to $7.5m, contingent on raising $2.5m (pro rata basis). It now aims to raise $5m in equity to attain this grant in full, with the collective funds to be used to support manufacturing capabilities, regulatory compliance, the Phase I/II trial for NVG0645, the development of next-generation candidates and for general working capital and facilities.

Pharma and biotech

17 April 2024

Business description

Nevrargenics is a UK-based neuroscience company specialising in the discovery and development of novel medicines for the treatment of neurodegenerative disease, such as Alzheimer's disease, Parkinson's disease, multiple sclerosis, amyotrophic lateral sclerosis (ALS) and other neurological and psychiatric diseases. Phase I/II studies in ALS and frontotemporal dementia are expected to start in H224.

Bull

- In our view, Nevrargenics is at the forefront of retinoic acid receptor-based drug discovery, with c 20 years of experience in RARs representing a high barrier to entry for potential competitors.
- Sizeable growth potential with its platform-based approach and 240-membered RAR-focused compound library; opportunities in multiple neurodegenerative diseases with large markets.
- Strong intellectual property (IP) position, with the company owning all existing and historical IP and key compounds and know-how patented, including novel mechanism(s) of action for RAR drugs.

Bear

- Failure to show efficacy in human trials could be a setback, but we view this as somewhat de-risked as RARs are similar across animals and humans.
- Usual regulatory, development and funding risks associated with the early stages of drug discovery.
- The field of treatments for neurodegenerative diseases is challenging and Nevrargenics will need to show differentiation in clinical trials.

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