

Zacks Small-Cap Research

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Brad Sorensen

312-265-9674
bsorensen@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Nurexone Biologic (OTCQB:NRXBF—TSXV:NRX)

NRXBF: US Investors Should Pay Attention

NRXBF is a preclinical stage biotech company developing a treatment for spinal cord injuries. We value NRXBF at \$3.05/share using the discounted cash flow method and a 20% discount rate.

OUTLOOK

NurExone (OTC-NRXBF) is a preclinical stage biotech company that is developing a breakthrough treatment for spinal cord injuries that has the potential to dramatically improve lives. The technology involved also has the potential to more efficiently get other treatments to the needed area.

The company's stock has performed exceptionally well in Canada and is expanding its presence in the US.

Current Price (02/19/25) **\$0.42**
Valuation **\$3.05**

SUMMARY DATA

52-Week High **\$0.59**
52-Week Low **\$0.39**
One-Year Return (%) **N/A**
Beta **N/A**
Average Daily Volume (sh) **7,204**

Shares Outstanding (mil) **74**
Market Capitalization (\$mil) **\$31**
Short Interest Ratio (days) **1**
Institutional Ownership (%) **N/A**
Insider Ownership (%) **N/A**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **N/A**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2024 Estimate **N/A**
P/E using 2025 Estimate **N/A**

Risk Level **High**
Type of Stock **Small-Cap**
Industry **Biotech**

ZACKS ESTIMATES

Revenue (in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	NA	NA	NA	NA	0 A
2024	0 A	0 A	0 A	0 E	0 E
2025	0 E	0 E	0 E	0 E	0 E
2026	0 E	0 E	0 E	0 E	0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	NA	NA	NA	NA	-0.08 A
2024	-0.02 A	-0.04 A	-0.02 A	-0.02 E	-0.10 E
2025	-0.02 E	-0.03 E	-0.01 E	-0.02 E	-0.08 E
2026	-0.04 E	-0.04 E	-0.03 E	-0.03 E	-0.14 E

Update

NurExone is developing a product known as ExoPTEN that is designed to treat patients with acute spinal cord injuries, while also conducting preclinical tests for other conditions that ExoPTEN may be able to treat. On that latter point, the company recently announced some preclinical test results that have the potential to benefit thousands of patients and increase the value of NRXBF to investors.

Before we detail those results, however, we want to point out that investors in Canada appear to already be recognizing the potential that NRXBF has. NurExone just announced that it has been included in the 2025 TSX Venture 50, which is a well-thought-of annual ranking of top-performing companies on the TSX Venture Exchange. The TSX Venture 50 recognizes the top 50 performing issuers out of the 1,605 listed issuers on the TSXV, across all sectors. This recognition highlights NurExone's strong market performance and strategic advances in the past year including 110% share price appreciation and 209% market cap growth on the exchange.

This follows other actions by NurExone to expand its presence in the United States. The company recently announced that it is forming a US-based subsidiary, known as Exo-Top Inc. Management characterizes the establishment of Exo-Top as "a key step towards an independent and scalable supply of high-quality exosomes for the company's future nanodrug pipeline and collaboration opportunities."

Finally, the company announced that it is going to be presenting at the International Society for Cell & Gene Therapy (ISCT) 2025 Annual Meeting ("ISCT 2025"), a major global cell and gene therapy translation conference, taking place from May 7-10, 2025 in New Orleans, Louisiana, United States. This is another chance for United States investors to hear some of the potential breakthrough treatments the company is pursuing.

For example, company management announced significant findings from an expanded study of ExoPTEN for repairing optic nerve damage. Using a rodent model of optic nerve crush to simulate damage associated with conditions such as glaucoma. Analysis of the data showed clear recovery of signal transmission in treated eyes compared to untreated controls, which showed no significant response.

According to the company, the study also showed significantly enhanced the survival of retinal ganglion cells, which are key neurons responsible for transmitting visual information to the brain.

We were also encouraged to hear comments from the lead investigator at the Goldschleger Eye Institute, part of a top hospital the company is collaborating with, when Dr. Ifat Sher said, "the results from this expanded study are extremely encouraging. ExoPTEN demonstrates potential as a treatment that restores functionality and offers neuroprotection. The study shows clear signal recovery, healthier optic nerve structures and preserved retinal ganglion cells. These results suggest that ExoPTEN could fundamentally change how we approach conditions like glaucoma and optic nerve trauma."

With a market size of approximately \$5.5 billion currently, based on estimates cited by the company, and a projected growth rate of over 8% annually, the potential for this treatment is extensive and is an exciting addition to the company's portfolio.

As a reminder, the company also recently announced that its ExoPTEN therapy has received the Orphan Medicinal Product Designation by the European Medicines Agency (EMA). According to the company, the EMA's Orphan Medicinal Product Designation offers incentives, including ten years of market exclusivity upon approval, access to grants and incentives from the European Commission and member states. Additionally, the company may benefit from free or reduced-cost scientific advice and assistance with

clinical trial design, which can streamline the regulatory process and reduce development costs. Lastly, some European Union countries also provide tax credits and other financial incentives to support orphan drug development.

As we've noted before, the company received the Orphan Drug Designation for ExoPTEN in 2023 from the FDA in the United States. This designation was created by the FDA which noted that supporting the development and evaluation of new treatments for rare diseases is a key priority for the agency. The FDA has authority to grant orphan drug designation to a drug or biological product to prevent, diagnose or treat a rare disease or condition. Orphan drug designation qualifies sponsors for incentives including:

- Tax credits for qualified clinical trials
- Exemption from user fees
- Potential seven years of market exclusivity after approval

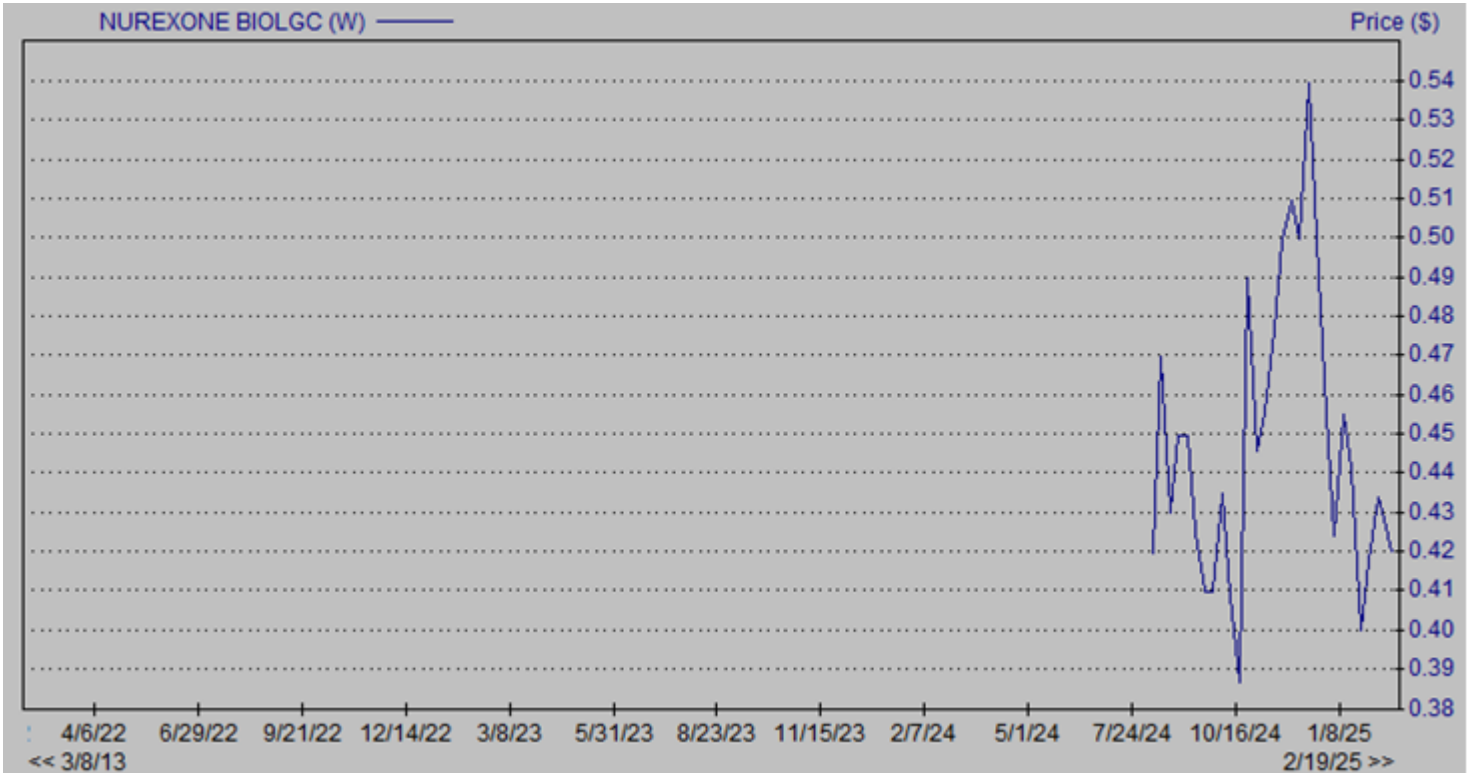
As a reminder, it was earlier test results from the use of ExoPTEN that sparked our enthusiasm for the company, because the initial test results are, in our view, truly remarkable. This isn't a potential treatment that was arrived at quickly or easily as research began at the University level and was conducted between January 2017 and May 2020, including testing the use of intranasal administration of exosomes driven from mesenchymal stem cells loaded with siRNA (a process that is described in more detail below). Testing targeted a complete spinal cord transection in rats, which is the strictest animal testing model, successfully demonstrating significant functional recovery. The company notes that the technology is successfully proven in additional preclinical studies, demonstrating that intranasal administration of ExoPTEN led to significant motor improvement, sensory recovery, and faster urinary reflex restoration. As mentioned, the research began at the University level and the Company has been granted an exclusive worldwide license from the Technion and Tel Aviv University, which includes a patent application, to develop and commercialize the technology. In addition, the Company has developed its own intellectual property and now has five families of patents.

We continue to be enthusiastic about the prospects for NurExone and suggest that US investors follow the Canadians and look into NRXBF. We urge investors with a higher risk tolerance to take a look at NRXBF and consider whether this compelling story may be of interest.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Nurexone Biologic Income Statement and Balance Sheet							
(US \$ in thousands, except per share data)							
	2023A	1Q2024A	2Q2024A	3Q2024A	4Q2024E	2025E	
Revenues							
Operating Expenses							
General and administrative	2,116	695	1,507	782	798	3,191	
Research and development	1,541	225	733	503	513	2,052	
Loss from operations	3,657	920	2,240	1,285	1,311	5,243	
Other income and (expenses)							
Finance (income)/expense	(18)	2	28	2	2	2	
Other income, net	(28)	45	-21	-69	-72	-76	
Total other (income) and expenses, net	(46)	47	7	(67)	(70)	(74)	
Net loss	3,611	967	2,247	1,218	1,240	5,169	
Basic and diluted loss per share	\$ 0.08	\$ 0.02	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.08	
Basic and diluted wtd avg common shares	44,722,288	56,528,121	61,488,044	63,528,644	64,799,217	66,095,201	
Assets							
Current Assets:							
Cash	541	3,255	2,385	2,523	2,573	2,625	
Securities and other current assets	1,441	422	399	300	309	318	
Total Current Assets	1,982	3,677	2,784	2,823	2,882	2,943	
Property, Plant and Equipment, net	158	394	445	736	810	891	
Right-of-use assets	30	71	63	55	57	58	
Other assets	-	-	-	-	-	-	
Total Assets	2,170	4,142	3,292	3,614	3,749	3,892	
Liabilities and stockholder equity							
Current liabilities:							
Accounts Payable	317	102	371	263	268	274	
Other current liabilities	1,591	260	175	172	181	190	
Total Current Liabilities	1,908	362	546	435	449	463	
Long-term Liabilities:							
Royalty Payments	71	78	64	71	73	75	
Liability Assoc. With Gov't Grants	-	-	-	149	149	149	
Lease Liability	2	71	107	31	33	34	
Total long-term liabilities	73	149	171	251	255	259	
Total liabilities	1,981	511	717	686	704	722	
Stockholders Equity							
Equity reserves	2,084	2,113	1,197	2,699	2,712	2,726	
Additional Paid-in capital	12,162	16,497	17,682	17,783	18,300	18,834	
Accumulated Deficit	(14,057)	(14,979)	(16,304)	(17,554)	(17,968)	(18,389)	
Total stockholders equity	189	3,631	2,575	2,928	3,045	3,170	
Total liabilities and stockholder equity	2,170	4,142	3,292	3,614	3,749	3,892	

HISTORICAL STOCK PRICE



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