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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: Raising Price Target on Trial Announcement

NRXBF is a preclinical stage biotech company developing a treatment for spinal cord injuries. We value NRXBF at $3.50/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 announced that it plans to initiate a Phase 1/2a clinical trial on acute spinal cord injuries for ExoPTEN in 2026. This marks a significant step forward and provides hope for thousands of patients.

Current Price (05/30/25)	$0.48
Valuation	**$3.50**

SUMMARY DATA

52-Week High	**$0.59**
52-Week Low	**$0.38**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**4,928**
Shares Outstanding (mil)	**78**
Market Capitalization ($mil)	**$37**
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 A	0 A
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	-0.01 A	-0.08* A
2025	-0.02 A	-0.02 E	-0.02 E	-0.02 E	-0.08 E
2026	-0.02 E	-0.02 E	-0.01 E	-0.01 E	-0.06 E

*Difference due to rounding

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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, late last year, announced some preclinical test results that have the potential to benefit thousands of patients and increase the value of NRXBF to investors. More recently, however, the company announced preclinical results that are encouraging for the first condition mentioned above.

Company management announced that its preclinical study on ExoPTEN for the treatment of spinal cord injuries demonstrated that the treatment led to motor function recovery and significant improvements in blood flow at the site of the spinal cord injury, which are both crucial components for tissue healing and recovery. We believe these results will prove to be a crucial part of the upcoming IND submission to the FDA and increase the probability that the study will be approved.

On that note, we are excited to learn that the company plans to initiate a Phase 1/2a clinical trial in the area of acute spinal cord injuries for ExoPTEN in 2026. Management detailed the study plans as involving adult patients with traumatic spinal cord injuries between spinal level C5 and T10. Those patients will be treated within 3-to-7-day post injury. This marks a significant step forward for the company in our view and, given the preclinical results that we have outlined, we expect the trial to yield exciting results.

As a result of this announcement, we are boosting the price target of NRXBF to $3.50 per share, which we believe is still a conservative estimate but also acknowledges a slight reduction in the risk premium with the planned human trial announcement.

As a reminder, spinal injuries aren't the only condition being targeted. Company management recently 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's 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

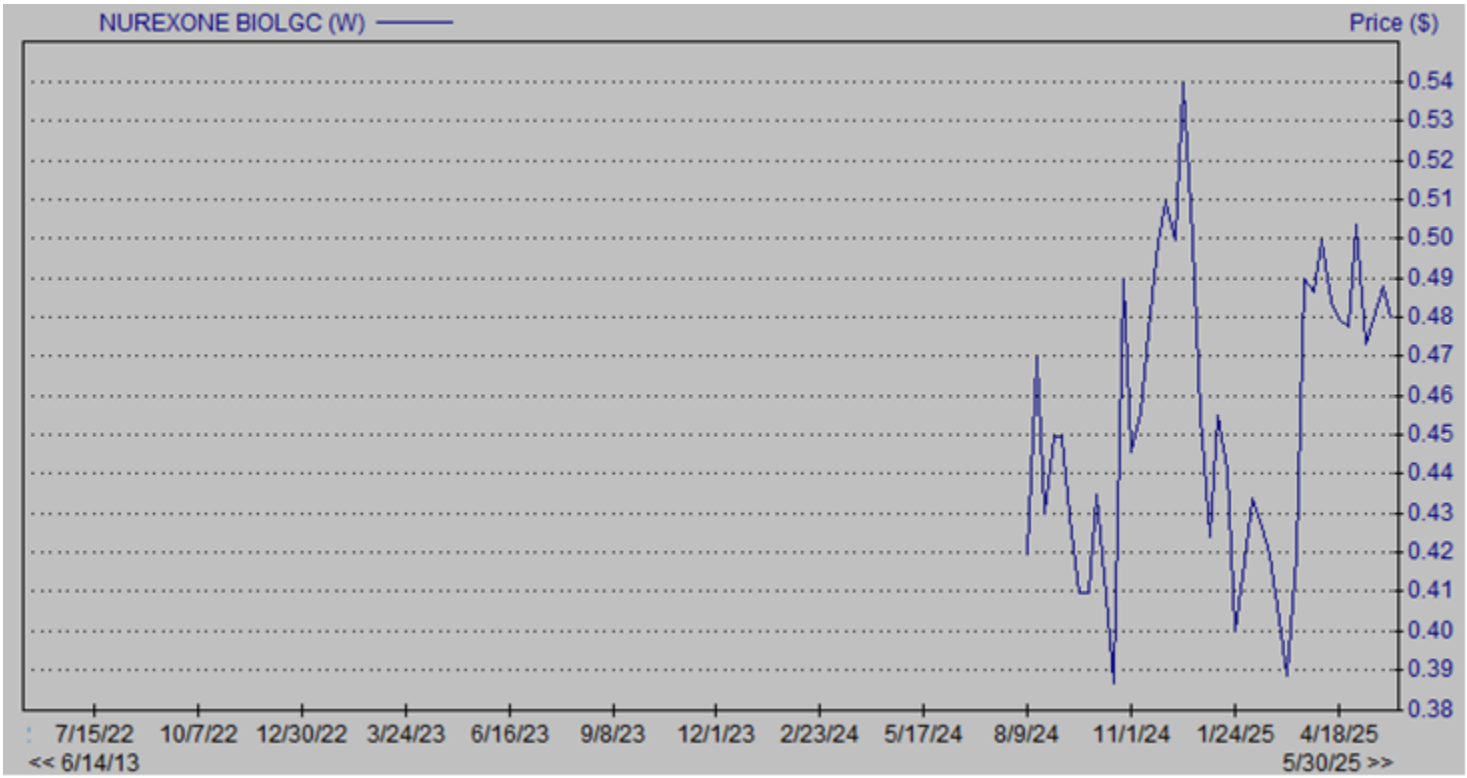
It was earlier test results from the use of ExoPTEN that sparked our enthusiasm for the company, because the initial test results are, in our view, truly remarkable. This isn't a potential treatment that was arrived at quickly or easily as research began at the University level and was conducted between 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)										
		1Q2024A	2Q2024A	3Q2024A	4Q2024A	1Q2025A	2Q2025E	3Q2025E	4Q2025E	2026E
Revenues										
Operating Expenses										
	General and administrative	695	1,507	782	157	1,082	1,093	1,104	1,115	3,128
	Research and development	225	733	503	407	618	624	630	637	1,628
Loss from operations		920	2,240	1,285	564	1,700	1,717	1,734	1,752	4,756
Other income and (expenses)										
	Finance (income)/expense	2	28	2	2	(22)	0	0	0	0
	Other income, net	45	-21	-69	202	0	0	0	0	0
Total other (income) and expenses, net		47	7	(67)	204	(22)	0	0	0	0
Other comprehensive (gain)/loss		0	0	0	0	16	0	0	0	0
Net loss		967	2,247	1,218	768	1,694	1,717	1,734	1,752	4,756
Basic and diluted loss per share		$ 0.02	$ 0.04	$ 0.02	$ 0.01	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.06
Basic and diluted wtd avg common shares		56,528,121	61,488,044	63,528,644	65,417,289	73,605,050	73,678,655	73,752,334	73,826,086	73,899,912
Assets										
Current Assets:										
	Cash	3,255	2,385	2,523	700	588	559	531	504	479
	Securities and other current assets	422	399	300	934	776	737	700	665	632
Total Current Assets		3,677	2,784	2,823	1,634	1,364	1,296	1,231	1,169	1,111
Property, Plant and Equipment, net		394	445	736	759	740	725	711	696	683
Right-of-use assets		71	63	55	48	36	35	35	34	33
Other assets		-	-	-	-					-
Total Assets		4,142	3,292	3,614	2,441	2,140	2,056	1,976	1,900	1,827
Liabilities and stockholder equity										
Current liabilities:										
	Accounts Payable	102	371	263	232	366	373	381	388	396
	Other current liabilities	260	175	172	166	187	191	195	198	202
Total Current Liabilities		362	546	435	398	553	564	575	587	599
Long-term Liabilities:										
	Royalty Payments	78	64	71	78	56	55	55	54	54
	Liability Assoc. With Gov't Grants	-	-	149	173	184	186	188	190	191
	Lease Liability	71	107	31	31	31	31	32	32	32
Total long-term liabilities		149	171	251	282	271	273	274	276	278
Total liabilities		511	717	686	680	824	837	850	863	876
Stockholders Equity										
	Equity reserves	2,113	1,197	2,699	1,395	1,681	1,698	1,715	1,732	1,749
	Additional Paid-in capital	16,497	17,682	17,783	19,466	20,413	20,821	21,238	21,662	22,096
	Accumulated Deficit	(14,979)	(16,304)	(17,554)	(19,100)	(20,778)	(21,401)	(22,043)	(22,704)	(22,894)
Total stockholders equity		3,631	2,575	2,928	1,761	1,316	1,118	909	691	951
Total liabilities and stockholder equity		4,142	3,292	3,614	2,441	2,140	2,056	1,976	1,900	1,827

HISTORICAL STOCK PRICE



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