

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brad Sorensen

312-265-9674

bsorensen@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

Nurexone Biologic

(OTCQB:NRXBF—TSXV:NRX)

NRXBF: Treatment Shows Inflammation Reduction

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 area needed.

The company announced clinical tests that showed the company's proprietary exosomes "significantly reduced inflammation" in cell, both untreated and those treated with a commercially available product.

Current Price (12/19/25) \$0.49
Valuation \$3.50

SUMMARY DATA

52-Week High \$0.78
52-Week Low \$0.38
One-Year Return (%) -1.88
Beta -0.51
Average Daily Volume (sh) 2,992

Shares Outstanding (mil) 91
Market Capitalization (\$mil) \$44
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

Type of Stock
Industry

High
Small-Cap
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 A	0 A	0 A	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	-0.04 A	-0.02 A	-0.02 E	-0.10 E
2026	-0.02 E	-0.02 E	-0.01 E	-0.01 E	-0.06 E

*Difference due to rounding

Update

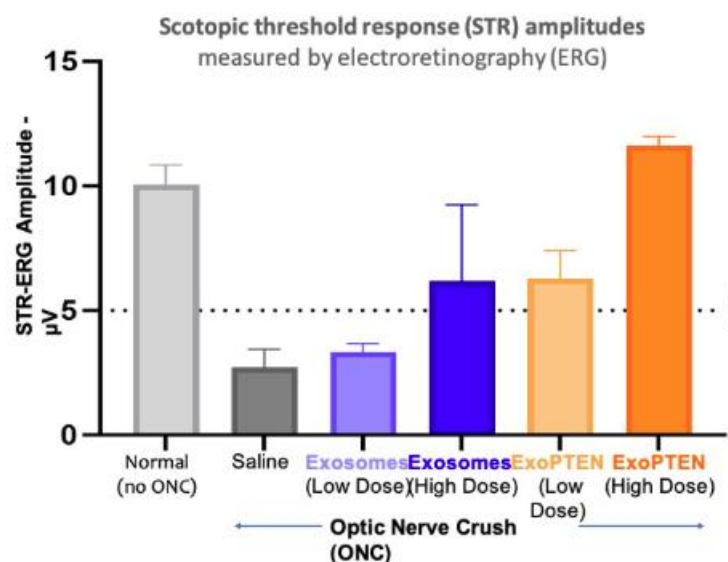
NurExone is developing a product known as ExoPTEN that is designed to treat patients with central nervous system injuries, which includes spinal cord damage, while also conducting preclinical tests for other conditions that ExoPTEN may be able to treat, such as glaucoma.

Company management recently announced very important clinical results on the proprietary exosomes that are part of the ExoPTEN product. Tests results showed that the company's exosomes "suppress inflammation more effectively than untreated cells and commercial alternatives, even at low concentrations, with stronger effects as the doses increase."

These findings provide a wider base for its ExoPTEN product and show how it is able to treat central nervous system injuries as well as being a potential treatment for a much wider range of conditions. We believe this continues to build on the great potential that NRXBF has been showing and that American investors should be paying attention to potential upside this company has.

Earlier, in a preclinical study conducted at the Goldschleger Eye Institute at Sheba Medical Center, tests demonstrate that ExoPTEN's biological activity increases with higher dosing levels. This is a significant finding as reproducibility is a key challenge, and these results confirm that ExoPTEN meets that standard. Further, functional measurements of retinal activity using scotopic threshold response electroretinography (STR-ERG) showed that both ExoPTEN doses improved visual signal strength in animals with optic nerve injury, with the high-dose group achieving response amplitudes comparable to those of uninjured eyes. This result demonstrates substantial functional recovery and, according to management, provides clear evidence of a dose-dependent therapeutic effect that aligns with ExoPTEN's proposed biological mechanism.

The figure below depicts scotopic threshold response (STR) amplitudes measured by electroretinography (ERG) in rats subjected to optic nerve crush (ONC) and treated with exosome-based formulations. The y-axis shows STR amplitude (μV), representing retinal ganglion cell function, while the x-axis displays experimental groups. Eyes with ONC were treated with low-dose or high-dose ExoPTEN (exosomes loaded with PTEN siRNA).



Source: NurExone.com

As the figure shows, low dose and high dose exosomes produced some mild improvement, but the high dose ExoPTEN treatment resulted in an extremely high recovery rate. This bodes well for its potential to target and treat conditions such as glaucoma and moves the treatment one major step closer to human trials.

Company management also recently announced that its preclinical study on ExoPTEN for the treatment of spinal cord injuries demonstrated that higher doses of the treatment led to regained motor function after a spinal cord injury. The study was conducted on small animals, which were given differing doses of ExoPTEN on the day of spinal compression surgery. The results show that 100% of animals treated with the higher dose regained walking ability in both front and hind legs, while only 1 out of 6 of the untreated animals achieved that milestone. This is an exciting result and provides further proof of the potential for ExoPTEN to be game-changing treatment.

To further the process, 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.

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.

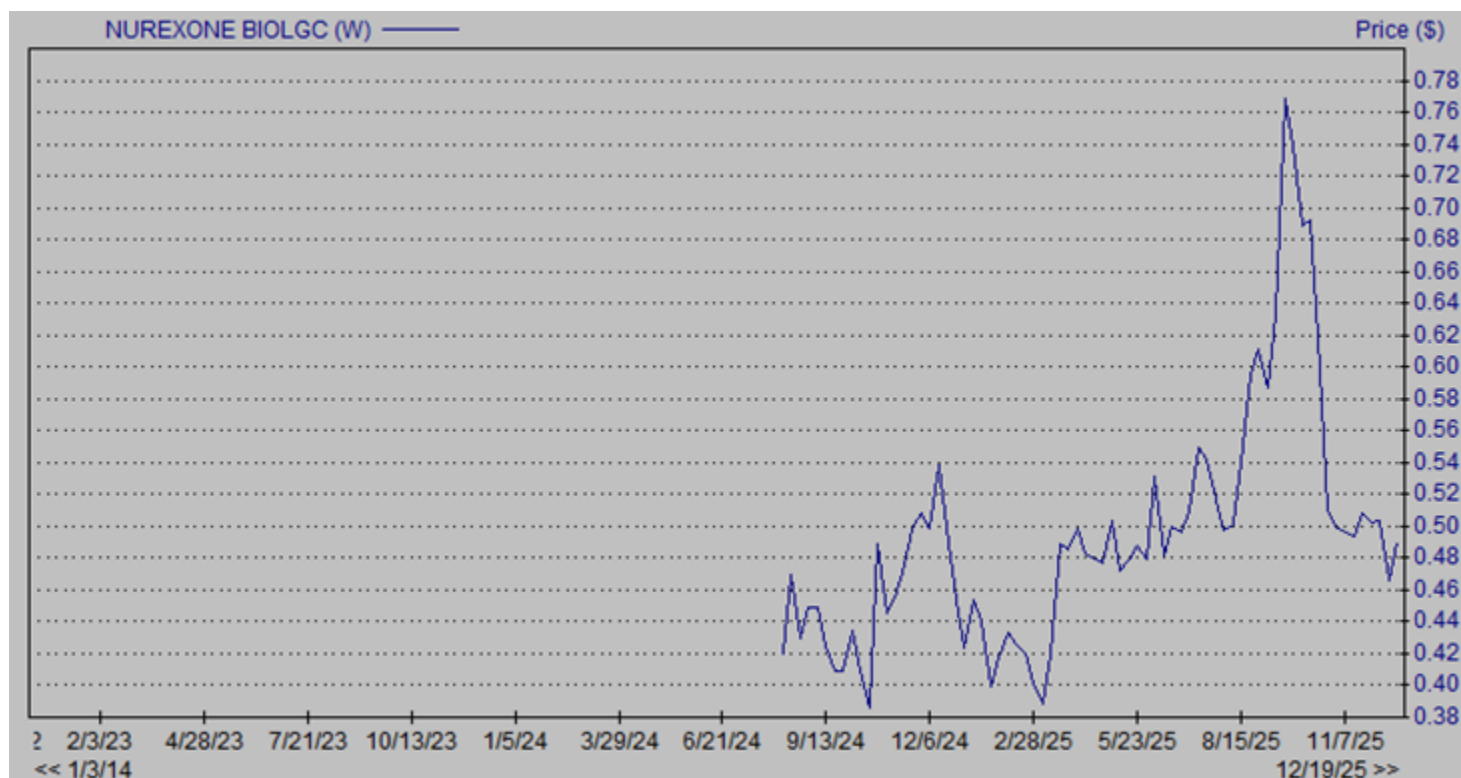
Finally, the company announced that it was named a finalist for two highly respected international programs recognizing innovation: The Falling Walls Science Breakthroughs and the Prix Bridges Awards—further indication of the groundbreaking work NRXBF is doing.

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	2Q2025A	3Q2025A	4Q2025E	2026E	
Revenues										
Operating Expenses										
General and administrative	695	1,507	782	157	1,082	2,207	763	771	3,128	
Research and development	225	733	503	407	618	1,315	703	710	1,628	
Loss from operations	920	2,240	1,285	564	1,700	3,522	1,466	1,481	4,756	
Other income and (expenses)										
Finance (income)/expense	2	28	2	2	(22)	2	(1)	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)	2	(1)	0	0	
Other comprehensive (gain)/loss	0	0	0	0	16	(156)	(1)	0	0	
Net loss	967	2,247	1,218	768	1,694	3,368	1,464	1,481	4,756	
Basic and diluted loss per share	\$ 0.02	\$ 0.04	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.04	\$ 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	76,033,223	77,589,868	77,667,458	77,745,125	
Assets										
Current Assets:										
Cash	3,255	2,385	2,523	700	588	1,228	983	934	887	
Securities and other current assets	422	399	300	934	776	725	163	155	147	
Total Current Assets	3,677	2,784	2,823	1,634	1,364	1,953	1,146	1,089	1,034	
Property, Plant and Equipment, net	394	445	736	759	740	778	764	749	734	
Right-of-use assets	71	63	55	48	36	133	118	116	113	
Other assets	-	-	-	-	-	-	618	-	-	
Total Assets	4,142	3,292	3,614	2,441	2,140	2,864	2,646	1,953	1,881	
Liabilities and stockholder equity										
Current liabilities:										
Accounts Payable	102	371	263	232	366	678	496	506	516	
Other current liabilities	260	175	172	166	187	329	366	373	381	
Total Current Liabilities	362	546	435	398	553	1,007	862	879	897	
Long-term Liabilities:										
Royalty Payments	78	64	71	78	56	36	43	43	42	
Liability Assoc. With Gov't Grants	-	-	149	173	184	198	205	207	209	
Lease Liability	71	107	31	31	31	91	79	80	81	
Total long-term liabilities	149	171	251	282	271	325	327	329	332	
Total liabilities	511	717	686	680	824	1,332	1,189	1,209	1,229	
Stockholders Equity										
Equity reserves	2,113	1,197	2,699	1,395	1,681	1,403	1,768	1,786	1,804	
Additional Paid-in capital	16,497	17,682	17,783	19,466	20,413	22,753	23,823	23,815	23,961	
Accumulated Deficit	(14,979)	(16,304)	(17,554)	(19,100)	(20,778)	(22,624)	(24,134)	(24,857)	(25,112)	
Total stockholders equity	3,631	2,575	2,928	1,761	1,316	1,532	1,457	744	653	
Total liabilities and stockholder equity	4,142	3,292	3,614	2,441	2,140	2,864	2,646	1,953	1,881	

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brad Sorensen, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.