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Lexaria Bioscience Corp. (LEXX: NASDAQ)

LEXX: Dosing Started for Animal & Human GLP-1 Studies

Our valuation methodology employs a DCF model and a 15% discount rate. The model applies a weighted average 13% probability of ultimate approval and commercialization of products employing DehydraTECH. The model includes contributions from the United States and Rest of World.

Current Price (7/17/2026)	$0.60
Valuation	**$5.50**

OUTLOOK

Lexaria is a biotechnology company seeking to enhance the bioavailability of multiple drug agents using DehydraTECH (DHT), its technology employing oral and topical delivery. It combines lipophilic APIs with specific fatty acid and carrier compounds, followed by dehydration.

DHT offers several attractive features: 1) substantial improvement in bioabsorption in terms of time to measurable plasma levels & AUC, 2) brain permeation, 3) taste masking & 4) side effect reduction. Since DHT does not bind covalently, it is not considered a new molecular entity and may be able to rely in part on an API's prior safety and efficacy findings to obtain regulatory approval.

Lexaria has received revenues from licensing & product sales which can in part fund R&D operations. R&D activities pursue both preclinical and clinical programs. The lead program is investigating GLP-1 agonists for weight loss and diabetes. Other DHT candidates include antivirals, CBD, nicotine, PDE5 inhibitors, NSAIDs, hormones, colchicine & others.

We forecast penetration into global markets for weight loss, diabetes, hypertension, nicotine delivery and antiviral product categories.

SUMMARY DATA

52-Week High	**1.55**
52-Week Low	**0.46**
One-Year Return (%)	**-33.3**
Beta	**0.3**
Average Daily Volume (sh)	**116,162**
Shares Outstanding (mil)	**24.8**
Market Capitalization ($mil)	**13.9**
Short Interest Ratio (days)	**4.7**
Institutional Ownership (%)	**6.0**
Insider Ownership (%)	**3.3**
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 2026 Estimate	**N/A**
P/E using 2027 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1 (Nov)	Q2 (Feb)	Q3 (May)	Q4 (Aug)	Year (Aug)
2025	$0.2 A	$0.2 A	$0.2 A	$0.2 A	$0.7 A
2026	$0.0 A	$0.0 A	$0.0 A	$0.0 E	$0.0 E
2027					$1.4 E
2028					$1.6 E

Earnings per Share

	Q1 (Nov)	Q2 (Feb)	Q3 (May)	Q4 (Aug)	Year (Aug)
2025	-$0.16 A	-$0.15 A	-$0.21 A	-$0.14 A	-$0.66 A
2026	-$0.07 A	-$0.06 A	-$0.08 A	-$0.06 E	-$0.27 E
2027					-$0.31 E
2028					-$0.28 E

WHAT'S NEW

We update our report on Lexaria Bioscience Corporation (NASDAQ: LEXX) on the occasion of its third quarter fiscal 2026 Form 10-Q filing. Beyond the financial update, management elaborated on its business development activities especially in the context of its participation at the 2026 BIO International Convention. Management noted frequent discussions with prospects over the last months often addressing GLP-1 agonist alliances. Since BIO, there have been several follow up conversations after initial meetings at the conference. Since our last report in mid-June, Lexaria has begun dosing in its Animal Study #1 and its Human Pilot Study #7. Both efforts are further characterizing DehydraTECH (DHT) for use with GLP-1 agonists, with an emphasis on the balance between efficacy and side effects. Other highlights in 2026 include the extension of the Material Transfer Agreement (MTA) with an undisclosed pharmaceutical company and study progress to expand the data set for DehydraTECH with GLP-1 agonists.

Fiscal Year 2026, First Nine Months

Lexaria reported fiscal year 2026 nine month and third quarter results for the period ending May 31st, 2026 through the filing of its Form 10-Q. For the first nine months of its fiscal year, the company reported $20,000 in revenues and total operating expense of $5.0 million resulting in net loss of $5.0 million or $0.21 per diluted common share.

For the nine-month period ending May 31st, 2026 and versus the comparable prior year period:

- Revenue totaled $20,000 compared to $532,000 as the Premier arrangement expired at the end of the last fiscal year;
- Research and development expenses totaled $2.1 million, down 66% from $6.4 million reflecting the completion of GLP-1 agonist trials including the Phase Ib GLP-1-H24-4 study. FY:26 spending is centered on optimization of DHT formulations of GLP-1 agonists and CBD to treat hypertension;
- General and administrative expenses totaled $2.9 million, down 15% from $3.4 million on account of reduced consulting fees and salaries and other general and administrative expenses partially offset by higher legal and professional fees. Specific line items that experienced declines include advertising and promotions, stock-based compensation and discontinuation of certain consulting arrangements;
- Other loss of $19,000 represented unrealized loss on marketable securities related to decreases in fair value partially offset by a small contribution from interest income;
- Net loss was $5.0 million, or $0.21 per share, compared to net loss of $9.3 million or $0.53 per share.

As of May 31st, 2026 cash and short-term investments totaled $3.6 million which compares to $1.9 million at the end of fiscal year 2025. Cash burn for the first nine months of the fiscal year was $4.8 million. Cash from financing over the same period totaled $6.5 million from equity sales.

Animal Studies

Animal Study #1
An April 15th press release announced the engagement of a contract research organization (CRO) to execute and report on a new animal study designated GLP-1-A26-1. It will evaluate a number of formulation enhancements with DHT-sema and DHT-cannabidiol (CBD). The study began dosing on June 10th and results are anticipated by early September. Initial design parameters include the use of Sprague-Dawley rats as the animal model and eight to 11 separate arms evaluating different compositions seeking to achieve diabetes control. Following administration of the composition, blood samples will be taken at multiple time points to evaluate its pharmacokinetic performance and concentration in the brain tissue. Previous work with the underlying active pharmaceutical ingredient (API) will be used as a baseline of comparison for the study results. Salcaprozate sodium (SNAC)[1] will be evaluated as part of the DHT formulations. It has shown favorable results in previous studies by Lexaria compared with non-SNAC formulated inputs.

[1] SNAC is a technological innovation that allows the protein-based medication semaglutide to be taken orally rather than by injection. Proteins and peptides (like semaglutide) are typically broken down in the digestive system before they can be absorbed, which is why most similar medications must be injected. SNAC works by creating a localized increase in pH around the drug molecule, protecting semaglutide from enzymatic degradation in the stomach, enhancing the permeability of the gastric mucosa and facilitating absorption of semaglutide through the stomach lining into the bloodstream. This technology was developed by Emisphere Technologies (later acquired by Novo Nordisk) and represents a significant advancement in oral delivery of peptide medications.

Animal Study #2

An April 23rd press release introduced Animal Study #2, designated GLP-1-A26-2. This evaluation will look at two of the next-generation GLP-1 agonist products, amycretin and retatrutide, and their compatibility with DHT. Lexaria has hired a CRO to execute and report on this study. The goal of the work is to examine the compatibility of amycretin and retatrutide with the DHT formulation as well as evaluate the pharmacokinetic (PK) performance and tolerability. The study expects to evaluate 18 different arms that will test new DHT compositions. A June 9th press release announced that Animal Study #2 had completed dosing. Previous studies have shown a better safety profile in DHT-formulated compositions compared with the injected versions and improved bio-absorption compared with approved oral forms of GLP-1 products. We think data from this study could come as soon as late August 2026.

Human Pilot Study #7

Lexaria launched a new study called Human Pilot Study #7, designated GLP-1-H26-7. It will evaluate two DHT-sema compositions against Novo Nordisk's Wegovy tablets. The study is expected to be a five-week evaluation, with three separate arms to assess safety, tolerability and pharmacokinetics. It will compare SNAC-inclusive DHT-sema tablet and capsule formulations to commercially available Wegovy tablets, under fasted pre-dose conditions. This study is different from prior work in several ways. First, an oral tablet will be used for the DHT-sema composition rather than the previous capsule compositions. The tablet formulation is designed to adhere to the lining of the stomach in order to achieve targeted release of semaglutide in order to optimize absorption. Lexaria will formulate both of the DHT test formulations with the SNAC technology for extended use for the first time. The five-week duration of the evaluation is sufficient for subjects to reach steady-state drug concentration. Previous work was limited by single-dose study designs that were shorter in duration.

On May 19th, Lexaria issued a press release announcing that it had received Independent Review Board (IRB) approval to begin human pilot study #7. In a subsequent update, the company announced that it had begun dosing subjects as of June 14th. Management expects that the results from the study will support further efforts with collaborators in the pharmaceutical industry that desire the improved convenience of oral delivery and the reduced adverse events that are associated with GLP-1 agonist products.

CEO Interviews

CEO Richard Christopher has participated in several video interviews to answer questions about Lexaria's goals, objectives and achievements. Below we provide links to the most recent episodes.

- MTA Extension and 2026 GLP-1 Pipeline
- Lexaria Bioscience CEO Rich Christopher on DehydraTECH and the Oral GLP-1 Opportunity
- Lexaria's Studies and Business Development Activities

Exhibit I – Lexaria CEO Rich Christopher

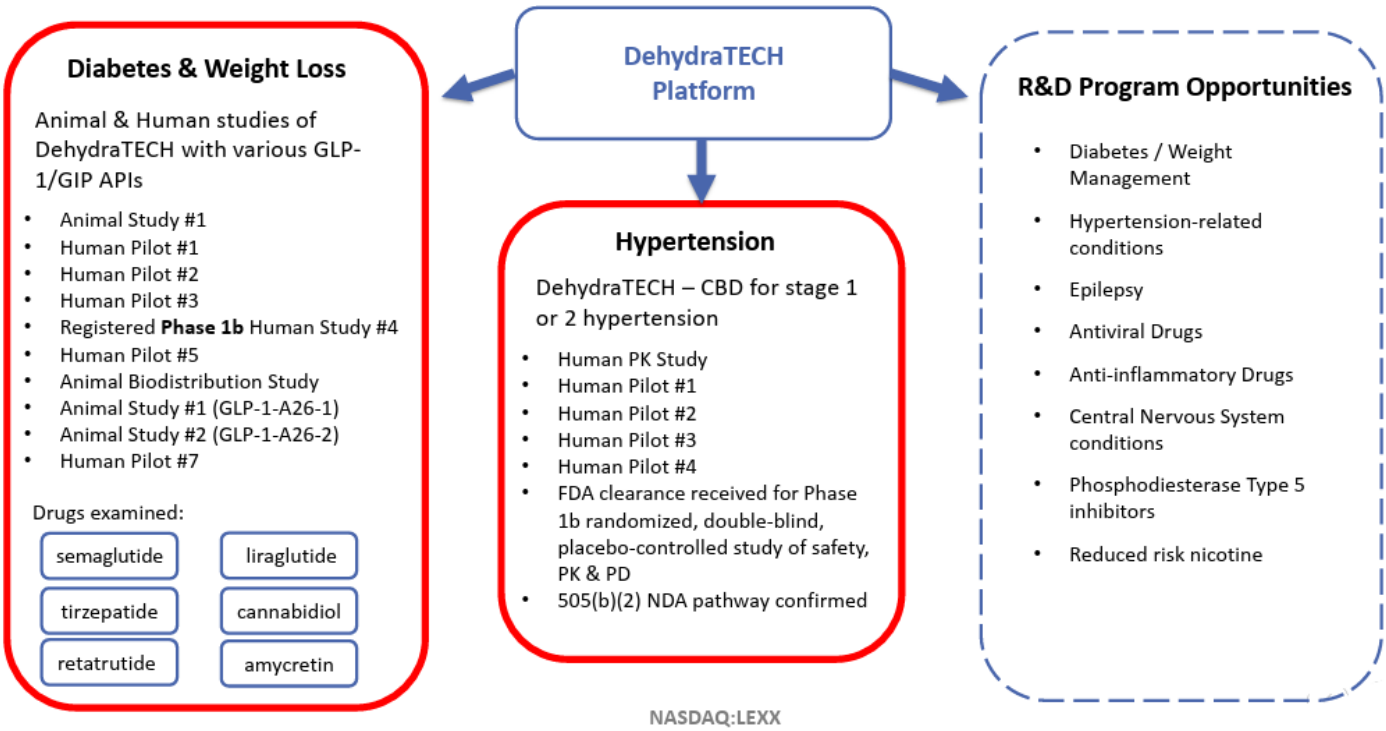
Source: Lexaria Podcast Screenshot

New Patents

Lexaria updated its intellectual property (IP) profile in a March 26th press release. The company has added to several patent families that examine methods of treating hypertension, epilepsy and diabetes. The new patents have been issued in the jurisdictions of Japan and Australia. Below we list the patent families and the new IP issued.

- Compositions and Methods for Treating Hypertension
  - Japan Patent 7823051, with term ending April 25th, 2043
  - Japan Patent 7823052, with term ending April 25th, 2043
  - Australian Patent 2023302884, with term ending April 25th, 2043
- Compositions and Methods for Treating Epilepsy
  - Australian Patent 2024205127 granted, with term ending February 20th, 2044
- Compositions and Methods for Treating Diabetes
  - Australian Patent 2025205229 granted, with term ending on December 3rd, 2044
  - Australian Patent 2024394427 granted, with term ending on December 3rd, 2044

Exhibit II – Completed Programs and Future Opportunities



Source: June 2026 Lexaria Corporate Presentation

Milestones

- CEO Annual Letter – January 2026
- Lexaria annual meeting – January 27th, 2026
- Final results announced for Human Pilot Study #5 – February 2026
- Attendance at BIO International Convention – June 2026
- End of first NASDAQ grace period for >$1.00 share price requirement – August 3rd, 2026
- Animal study #2 data release (GLP-1-A26-2) – late August 2026
- Animal study #1 data release (GLP-1-A26-1) – September 2026
- Human pilot study #7 data release (GLP-1-H26-7) – end of year 2026
- Extension of GLP-1 agonist MTA agreement with pharmaceutical company – until December 31st, 2026

Summary

Lexaria has begun dosing in its animal study #1 and human study #7 and completed dosing in its animal study #2 to further evaluate candidates in the diabetes and weight loss space, particularly GLP-1 agonists. It is expanding the studies' scope beyond semaglutide, tirzepatide and liraglutide to evaluate next-generation candidates such as amycretin and retatrutide. After the start of the two animal and one human study, the company reported fiscal year, third quarter 2026 results with $3.6 million in cash and short-term investments on the balance sheet and a burn rate of $1.6 million in the quarter, which was consistent with the burn rate in the first half of the year. We anticipate a capital raise in the near term and also acknowledge the NASDAQ deficiency letter which requires Lexaria to maintain a >$1.00 share price. If the deficiency is not remedied, the company may conduct a reverse stock split.

Management is continuing its efforts to execute a deal with its MTA partner and will share details from its work with them as the year progresses. CEO Christopher notes frequent conversations with prospects and successful meetings at BIO. He referenced several follow-up conversations after the conference that emphasized the need to balance weight loss and safety for GLP-1 agonist candidates. Potential partners and collaborators also were interested in DehydraTECH's CBD and nicotine formulations. DehydraTECH offers improved speed of onset, better bioavailability, reduced adverse events and potentially a favorable regulatory pathway via 505(b)(2). The reduced level of adverse events shown in Lexaria's human studies, especially GI tolerability, is a particularly attractive feature.

PROJECTED FINANCIALS

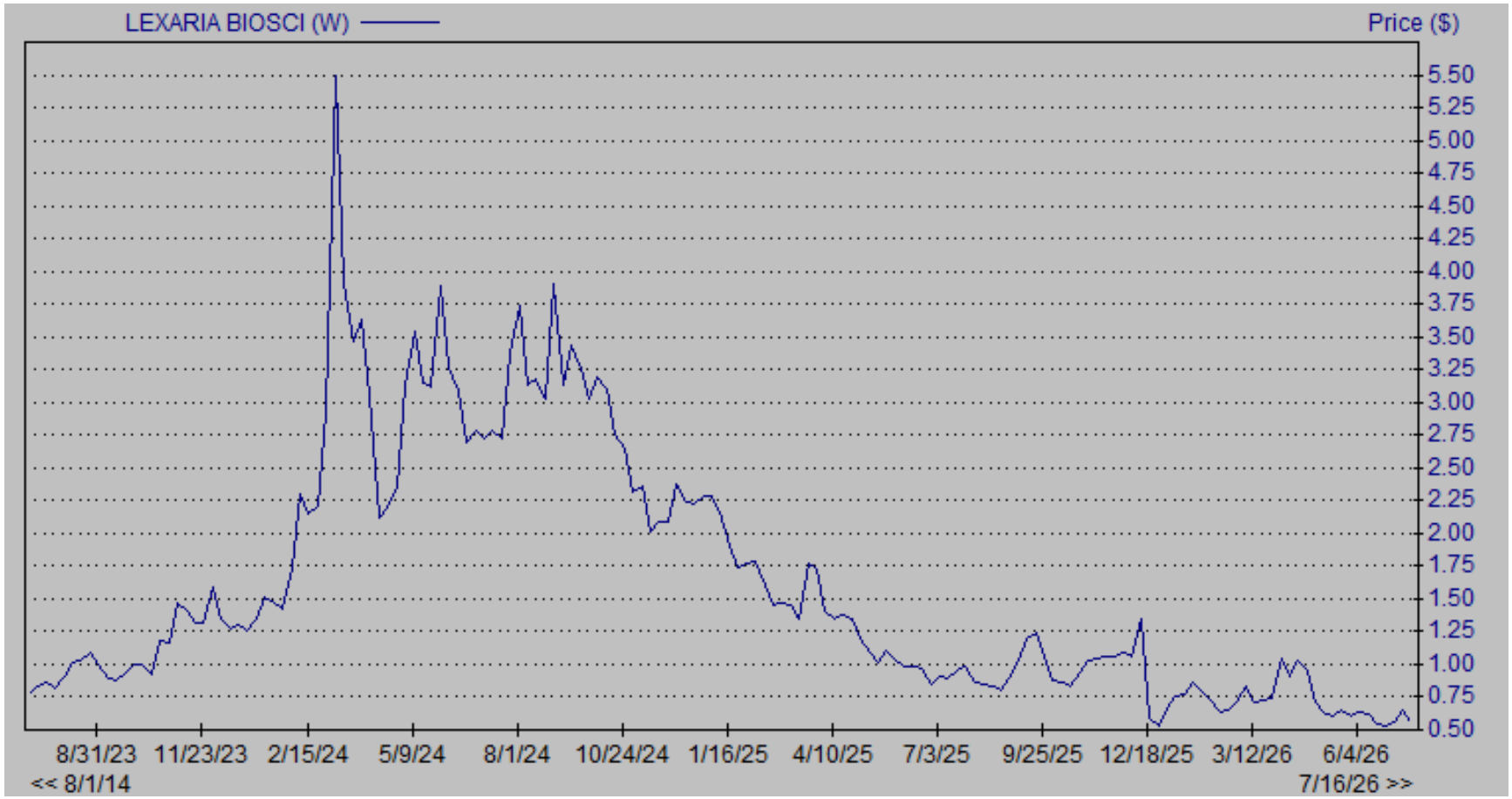
Lexaria Bioscience Corp. - Income Statement

Lexaria Bioscience Corp.	2025 A	Q1 A	Q2 A	Q3 A	Q4 E	2026 E	2027 E	2028 E
Total Revenues	**$706**	**$0**	**$20**	**$0**	**$0**	**$20**	**$1,403**	**$1,585**
YOY Growth	52%		-89%			-97%	6916%	13%
Gross Profit	$703	$0.0	$20.0	$0.0	$0.0	$20	$1,403	$1,585
Research & Development	$8,239	$671	$475	$971	$690	$2,808	$6,200	$6,500
General & Administrative	$4,345	$902	$997	$1,023	$940	$3,862	$4,150	$4,400
Income from operations	($11,881)	($1,574)	($1,452)	($1,994)	($1,630)	($6,649)	($8,947)	($9,315)
Operating Margin								
Other	($31)	($22)	$2	$1	$0	$0	$0	$0
Non Controlling Interest	($10)	($2)	($3)	($2)	($3)	($10)	($12)	($12)
Pre-Tax Income	($11,902)	($1,593)	($1,447)	($1,991)	($1,627)	($6,639)	($8,947)	($9,315)
Provision for Income Tax	$0	$2	$3	$0	$0	$0	$0	$0
Tax Rate	0.0%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income	**($11,902)**	**($1,595)**	**($1,450)**	**($1,991)**	**($1,627)**	**($6,639)**	**($8,947)**	**($9,315)**
Net Margin	-1686%							
Reported EPS	**($0.66)**	**($0.07)**	**($0.06)**	**($0.08)**	**($0.06)**	**($0.27)**	**($0.31)**	**($0.28)**
Basic Shares Outstanding	17,999	21,376	24,444	24,806	28,101	24,682	28,500	33,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

HISTORICAL STOCK PRICE

Lexaria Bioscience Corp. – Share Price Chart[2]



[2] Source: Zacks Research System

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