

NRx Pharmaceuticals, Inc. (NRXP)
Rating: Buy

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Stage Set for Two NDA Approvals and Hope by YE24; Reiterate Buy and \$19 PT

Stock Data	11/22/2024
Price	\$1.26
Exchange	NASDAQ
Price Target	\$19.00
52-Week High	\$7.33
52-Week Low	\$1.10
Enterprise Value (M)	\$21
Market Cap (M)	\$15
Shares Outstanding (M)	12.1
3 Month Avg Volume	124,320
Short Interest (M)	0.68

Balance Sheet Metrics	
Cash (M)	\$1.6
Total Debt (M)	\$7.7
Total Cash/Share	\$0.13
Book Value/Share	\$0.25

Cash (M): Subsequent to September 30, 2024, the company closed \$5.4M from tranche two of debt financing NRx secured from Anson Funds.

EPS (\$) Diluted			
Full Year - Dec	2023A	2024E	2025E
1Q	(1.64)	(0.74)A	--
2Q	(1.19)	(0.75)A	--
3Q	(0.74)	(0.15)A	--
4Q	(0.52)	(0.20)	--
FY	(3.98)	(1.75)	(0.08)

Revenue (\$M)			
Full Year - Dec	2023A	2024E	2025E
1Q	0.0	0.0A	--
2Q	0.0	0.0A	--
3Q	0.0	0.0A	--
4Q	0.0	0.0	--
FY	0.0	0.0	38.2



On track to file two NDAs by YE24. On November 14, NRx Pharmaceuticals reported 3Q24 operating results that showed the company making significant progress with its commercial-stage ready products for depression, NRX-100 (IV ketamine) and NRX-100 (oral D-cycloserine/lurasidone), and Hope Therapeutics, an NRx' wholly-owned subsidiary positioned to be a best-in-class network of precision psychiatry clinics to provide NRX-100, potentially the world's first treatment for acute suicidality. We point to stability data that has now been generated for three manufacturing lots of NRX-100, completion of toxicology testing, as well as alignment with the FDA on the company's Pediatric Study Plan for NRX-100, as highlighting NRx' operational progress. We believe the spinout of Hope Therapeutics would represent a key inflection point in unlocking value in the company's product portfolio. With the company positioned to file New Drug Applications (NDAs) for NRX-100 and NRX-101 by YE24 ahead of the spinout, we believe NRx shares represent an attractive value proposition. Therefore, we reiterate our Buy rating and \$19 PT.

NRX-100 could pave the way to expanding the market for ketamine. We previously highlighted safety and efficacy data that NRx aggregated from clinical trials in more than 500 patients as demonstrating that IV ketamine treatment results in highly significant reductions in suicidal ideation vs. placebo, and vs. an active comparator. Moreover, in post-hoc analysis, IV ketamine has been shown to be superior to electroshock therapy in treating depression. However, historically, IV ketamine formulations can't be used for subcutaneous treatment, as these are highly acidic, and cause pain and skin ulcers. IV administration is also cumbersome to use in the clinical setting of acute suicidality. With formulation of a patentable pH neutral formulation of ketamine (designated HTX-100), NRx has potential to expand the application of ketamine into acute settings. With potential FDA approval by YE24, we tentatively forecast NRX-100 could achieve \$17.3M in revenue in 2025.

Progress continues with the positioning of Hope Therapeutics. NRx' Hope subsidiary has signed two Letters of Intent (LOI) to acquire Interventional Psychiatric Clinics (IPC), a foundational key to developing a network of clinics that offer a complete range of therapies to patients with suicidal depression and post-traumatic stress disease (PTSD). In addition to ketamine, the Hope business strategy incorporates offering transcranial magnetic stimulation, and other therapies used to treat patients with suicidal depression and PTSD. Notably, as they currently generate revenue, the IPC acquisitions would be immediately accretive on an EBITDA basis. While NRx continues to forecast first corporate revenues by YE24, due to the uncertainty of timing in finalization of the IPC acquisition and lateness in the current quarter, we do not anticipate recognition of revenues until the beginning of 2025.



H.C. Wainwright 1868

NRX-101 has high potential for FDA approval for bipolar depression with suicidality or akathisia. Based on data from NRx' STABIL-B Phase 2b/3 trial with NRX-101 in suicidal patients with bipolar depression, which demonstrated NRX-101 efficacy comparable to standard-of-care (SOC), significantly reduced akathisia ($p = 0.025$), and a positive trend in reduced time to sustained remission from suicidality ($p = 0.05$), NRX-101 potentially has a best-in-class profile. We believe key to NRX-101's advantage is in its potential to treat people with akathisia, which was demonstrated in STABIL-B. Akathisia is a side effect of all currently approved antidepressant medications, and is a precursor condition closely linked to suicide. Thus, it is considered a lethal condition, and importantly, has no approved treatment. NRX-101 is the only antidepressant that has demonstrated a reduction in suicidality or akathisia vs. SOC. With potential FDA approval by YE24, we tentatively forecast NRX-101 could achieve \$20.9M in revenue in 2025.

Financial snapshot. On November 14, NRx Pharmaceuticals reported a 3Q24 net loss of \$1.6M or (\$0.15)/sh vs. our est. of \$10.1M and (\$0.81)/sh. Variances were driven by operating expenses from Hope Therapeutics that we anticipated from a 3Q24 launch of NRX-100. We have removed these projections from our 4Q24 estimates. NRx reported cash reserves of \$1.6M as of September 30, 2024. Subsequent to September 30, 2024, the company closed \$5.4M from tranche two of debt financing NRx secured from Anson Funds. We tentatively anticipate the company conducting a public offering totaling \$20M in 2025 to fund NRX-101 advancement and launch of NRX-100 prior to the spinoff of Hope Therapeutics.

Valuation and risks. Our \$19 PT was derived by using a weighted-average cost of capital of 15% for NRx shares to discount free cash flows we project 2024 through 2033, and dividing them by our projected number of shares for each year to account for the effects of share dilution, and then ascribing a 2% terminal growth rate and 60% probability of success. Risks to our investment thesis include failure of clinical trials, regulatory requirements for additional clinical studies, commercialization strategy and product launch, failure of products to show sufficient competitive differentiation in targeted product indications, intellectual property expiry or invalidation, and potential to raise additional funds under poor market conditions.

Financial Statements

Exhibit 1. Income Statement, Quarterly Fiscal 2023A-2024E

Income Statement (Fiscal year ends December 31)													
(in \$MM, except per share data)	2021A	2022A	1QA	2QA	3QA	4QA	2023A	1QA	2QA	3QA	4QE	2024E	2025E
Product Sales	-	-	-	-	-	-	-	-	-	-	-	-	38.2
NRX-101 (ASIB & SSIB)	-	-	-	-	-	-	-	-	-	-	-	-	20.9
NRX-100/HTX-100 (Suicidal Depression)	-	-	-	-	-	-	-	-	-	-	-	-	17.3
Royalties and Licensing Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	38.2
Cost of Sales	-	-	-	-	-	-	-	-	-	-	-	-	6.7
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	-	31.5
R&D Expense	20.3	17.0	3.7	3.9	3.3	2.5	13.4	1.7	2.8	0.6	0.6	5.8	9.1
SG&A Expense	74.9	27.3	5.8	4.1	2.5	1.9	14.2	4.3	4.2	2.4	2.8	13.7	20.0
Royalty payment to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	0.2
Other Operating Expense	20.6	-	-	0.3	-	-	0.3	-	-	-	-	-	-
Operating Expense	115.8	44.3	9.4	8.2	5.8	4.4	27.8	6.0	7.1	3.0	3.4	19.5	29.3
Operating Income (Loss)	(115.8)	(44.3)	(9.4)	(8.2)	(5.8)	(4.4)	(27.8)	(6.0)	(7.1)	(3.0)	(3.4)	(19.5)	2.2
Interest and other income	-	0.2	0.2	0.1	0.1	0.1	0.5	0.0	0.0	0.0	-	0.0	-
Pre-tax Income (Loss)	(93.1)	(39.8)	(11.0)	(8.7)	(6.1)	(4.3)	(30.2)	(6.5)	(7.9)	(1.6)	(3.5)	(19.6)	1.7
Tax (Benefit) Expense and others	-	-	-	-	-	-	-	-	-	-	-	-	0.4
Net Income (Loss)	(93.1)	(39.8)	(11.0)	(8.7)	(6.1)	(4.3)	(30.2)	(6.5)	(7.9)	(1.6)	(3.5)	(19.6)	1.3
Deemed dividend - Warrants	2.7	-	-	-	-	0.0	0.0	-	-	-	-	-	-
Deemed dividend - Earnout Shares	253.1	-	-	-	-	-	-	-	-	-	-	-	-
Income/loss attributable to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(1.1)	(1.1)	2.4
Net loss attributable to common stockholders	(348.9)	(39.8)	(11.0)	(8.7)	(6.1)	(4.3)	(30.2)	(6.5)	(7.9)	(1.6)	(2.4)	(18.4)	(1.0)
EPS (diluted)	(\$74.36)	(\$6.05)	(\$1.64)	(\$1.21)	(\$0.74)	(\$0.52)	(\$3.98)	(\$0.74)	(\$0.75)	(\$0.15)	(\$0.20)	(\$1.75)	(\$0.08)
Weighted Average Shares	4.7	6.6	6.7	7.3	8.2	8.4	7.6	8.9	10.5	11.0	11.7	10.5	12.7

Source: Company reports and H.C. Wainwright & Co. estimates.

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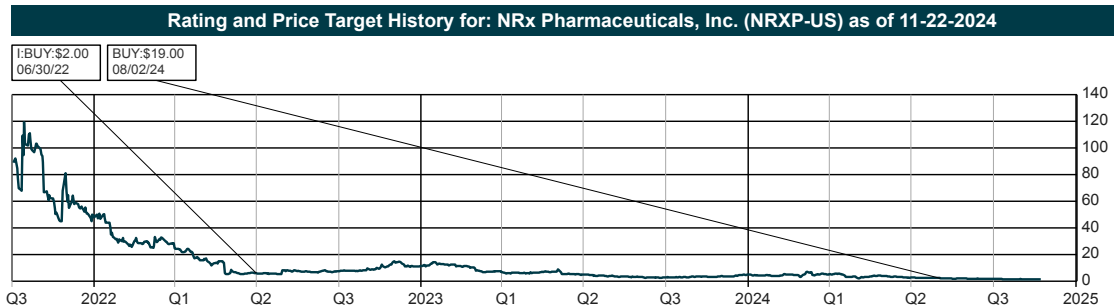
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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	560	87.09%	123	21.96%
Neutral	78	12.13%	10	12.82%
Sell	0	0.00%	0	0.00%
Under Review	5	0.78%	2	40.00%

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