NRx Pharmaceuticals, Inc. (NRXP)
Rating: Buy

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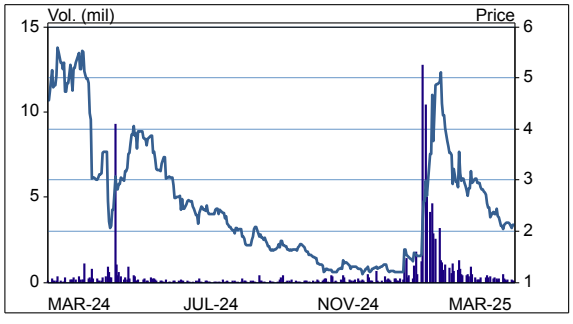
Having Hope for Profit in 2025; Reiterate Buy and $19 PT

Stock Data	3/13/2025
Price	$2.07
Exchange	NASDAQ
Price Target	$19.00
52-Week High	$6.01
52-Week Low	$1.10
Enterprise Value (M)	$40
Market Cap (M)	$36
Shares Outstanding (M)	16.9
3 Month Avg Volume	1,211,549
Short Interest (M)	1.17
Balance Sheet Metrics	
Cash (M)	$1.6
Total Debt (M)	$6.0
Total Cash/Share	$0.09
Book Value/Share	$0.25

Cash (M): Subsequent to September 30, 2024, the company completed financings, including debt that NRx secured from Anson Funds. We look for the company to hold pro forma $11.4M in cash on December 31, 2024. We estimate NRx raised approximately $10.9M in financings completed in January.

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)	(0.35)	--
FY	(3.98)	(1.90)	(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



Advancing an integrated business model of TMS and NM therapy. On March 17, we expect NRx Pharmaceuticals to announce 4Q and FY24 financial and business results that, in our opinion, will highlight advancement and funding of Hope Therapeutics, a subsidiary the company created to acquire and build a network of interventional psychiatry clinics focused on providing lifesaving therapies for suicidal depression and post-traumatic stress disorder (PTSD). We are positive on NRx' strategy with Hope. Hope was initially designed to advance use of ketamine as a neuromodulatory (NM) therapy and integrate its use with transcranial magnetic stimulation (TMS). We are also positive on expansion of Hope into digital therapeutics, whose use the FDA authorized in January. With recently announced plans to acquire Kadima Neuropsychiatry Institute and Dura Medical, which NRx estimates generates $10M in annual revenue, we believe Hope is building momentum. Thus, with the recent assembly of capital, including $25M in near-term funding and up to $100M overall anticipated in the first-half of 2025, we believe the company positioned to identify additional revenue-generating clinics for acquisition, and achieve formation of a comprehensive psychiatry-led clinical services company. NRx is targeting achievement of $100M in revenue in 2025. We think the company can become profitable with just $38M in revenue. We believe potential achievement of this milestone is underappreciated, and therefore, reiterate our Buy rating and $19 PT.

NRX-100 could start contributing to sales by YE25. Entering 2025, NRx continued to make progress on the regulatory pathway for approval of NRX-100, the company's proprietary formulation of intravenous (IV) ketamine. In December 2024, NRx filed the initial section of its New Drug Application (NDA) for NRX-100 as a treatment for suicidal depression. Additionally, the company has reached 12 months with its stability testing, and has generated six-month of toxicity data. We look for NRX-100, which has Fast Track designation, to be ascribed a PDUFA data sometime in the second-half of 2025.

The role of ketamine in the treatment of suicidal depression continues to grow. Electro-convulsive therapy is FDA-approved for acute suicidality, but there is no FDA-approved medication. At sub-anesthesia doses, ketamine has been hailed as a miracle treatment for depression and related disorders. In recent years, emerging evidence has suggested that the landscape of ketamine as a medical therapeutic is shifting (Wilkinson, S.T., et al. JAMA Psychiatry, 2024). In 2019, the FDA approved an intranasal spray formulation of esketamine, an S-enantiomer of ketamine as a treatment for adults with treatment-resistant depression (TRD), and depressive symptoms in adults with major depressive disorder (MDD). Esketamine, which is marketed as Spravato by J&J (JNJ; not rated), and was the first antidepressant approved for TRD, hit $1B in sales in 2024. However, the IV mode of administration is preferred over intranasal ketamine. Thus, even though ketamine's use in this indication is off-label, clinics continue to practice use of IV ketamine to treat acute suicidality. NRx' IV ketamine differs from the form of ketamine used in anesthesia in that NRX-100 does not contain potentially toxic preservatives. Importantly, as it is not FDA-approved, ketamine is not covered by health insurance. Finally, as ketamine is known to have abuse potential, NRX-100 utilizes diversion-resistant packaging to enhance traceability.

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An NRX-101 Phase 3 study has an FDA SPA. NRx also continued to make progress on the regulatory pathway for approval of NRX-101, a patented combination of the NMDA antagonist, D-cycloserine, and lurasidone, a full antagonist of the dopamine D2 receptor, and serotonin receptors, 5-HT2A and 5-HT7. As we previously commented, we believe the company's data supporting NRX-101 is strong, and with the FDA determining suicidal depression as a life-threatening condition, there is regulatory support and recognition for the urgent need for treatment alternatives. In January 2024, the FDA awarded Breakthrough Therapy and Fast Track Designation to NRX-101. Recall that NRX-101 demonstrated superiority to lurasidone in reducing depression after IV ketamine pretreatment (mean 7.7-point benefit in severity per the Montgomery-Asberg Depression Rating Scale (MADRS), $p = 0.03$ at Day 28, and $p = 0.04$ at Day 42). We are positive on NRX-101's potential for approval as a treatment for bipolar depression with suicidality or akathisia as NRX-101 was the first antidepressant to demonstrate clinically meaningful reduction in akathisia and suicidality. However, although the FDA granted NRx a Special Protocol Assessment for the company's Phase 3 trial design, Phase 3 investment is not part of NRx' plans for use of current capital. As this condition affects more than 7M people in the U.S. (National Institute of Mental Health statistics, 2024), we believe there is potential for NRX-101 to realize almost $600M in annual sales if it is approved for use in the expanded BD patient population (not in our models).

Valuation and risks. Our $19 PT is derived by using a weighted-average cost of capital of 15% for NRx shares to discount free cash flows we project 2025 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)	**2022A**	**1QA**	**2QA**	**3QA**	**4QA**	**2023A**	**1QA**	**2QA**	**3QA**	**4QE**	**2024E**	**2025E**
Product Sales	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38.2**
Royalties and Licensing Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38.2**
Cost of Sales	-	-	-	-	-	-	-	-	-	-	-	6.7
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	31.5
R&D Expense	17.0	3.7	3.9	3.3	2.5	13.4	1.7	2.8	0.6	1.6	6.7	9.2
SG&A Expense	27.3	5.8	4.1	2.5	1.9	14.2	4.3	4.2	2.4	4.2	15.1	20.0
Royalty payment to shareholders	-	-	-	-	-	-	-	-	-	-	-	0.2
Other Operating Expense	-	-	0.3	-	-	0.3	-	-	-	-	-	-
Operating Expense	44.3	9.4	8.2	5.8	4.4	27.8	6.0	7.1	3.0	5.8	21.8	29.4
Operating Income (Loss)	**(44.3)**	**(9.4)**	**(8.2)**	**(5.8)**	**(4.4)**	**(27.8)**	**(6.0)**	**(7.1)**	**(3.0)**	**(5.8)**	**(21.8)**	**2.1**
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)	**(39.8)**	**(11.0)**	**(8.7)**	**(6.1)**	**(4.3)**	**(30.2)**	**(6.5)**	**(7.9)**	**(1.6)**	**(5.9)**	**(21.9)**	**1.6**
Tax (Benefit) Expense and others	-	-	-	-	-	-	-	-	-	-	-	0.4
Net Income (Loss)	**(39.8)**	**(11.0)**	**(8.7)**	**(6.1)**	**(4.3)**	**(30.2)**	**(6.5)**	**(7.9)**	**(1.6)**	**(5.9)**	**(21.9)**	**1.2**
Deemed dividend - Warrants	-	-	-	-	0.0	0.0	-	-	-	-	-	-
Deemed dividend - Earnout Shares	-	-	-	-	-	-	-	-	-	-	-	-
Income/loss attributable to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1.1)	(1.1)	2.4
Net loss attributable to common stockholders	**(39.8)**	**(11.0)**	**(8.7)**	**(6.1)**	**(4.3)**	**(30.2)**	**(6.5)**	**(7.9)**	**(1.6)**	**(4.7)**	**(20.8)**	**(1.1)**
EPS (diluted)	**($6.05)**	**($1.64)**	**($1.21)**	**($0.74)**	**($0.52)**	**($3.98)**	**($0.74)**	**($0.75)**	**($0.15)**	**($0.35)**	**($1.90)**	**($0.07)**
Weighted Average Shares	6.6	6.7	7.3	8.2	8.4	7.6	8.9	10.5	11.0	13.5	11.0	16.8

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

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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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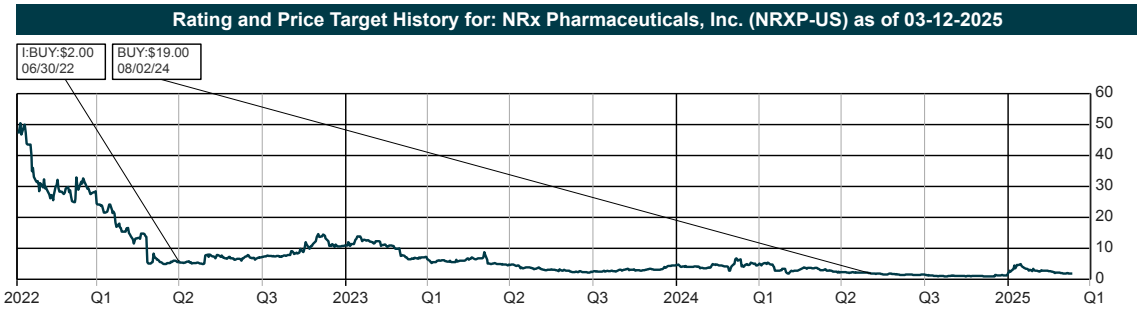

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Distribution of Ratings Table as of March 12, 2025

			IB Service/Past 12 Months	
Ratings	Count	Percent	Count	Percent
Buy	573	86.82%	129	22.51%
Neutral	80	12.12%	11	13.75%
Sell	1	0.15%	0	0.00%
Under Review	6	0.91%	2	33.33%

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