Equity Research | NANEXA: Lining up to make Nanexa (close to) a pure GLP-1 play

Following the focusing of the roadmap after the rights issue in October, Nanexa has now announced a further streamlining of its activities to extend runway into mid-2025, focusing on the projects most likely to generate near-term revenue and thus reduce need for further external financing. The three focus areas will be the own project NEX-22, the partner project with Novo Nordisk and other well advanced evaluation projects. This means NEX-20 is put on hold, along with NEX-18, until the financial situation allows. While this motivates a cut in our SOTP to 2.6-9.9 (4.3-11.6) SEK per share, due to the exclusion of NEX-20, we see this tactical reprioritization as another investor-friendly move to focus efforts on the most lucrative, assets in the portfolio. All in all, we continue to see with a wide range of possible outcomes for the company's projects, all supporting a high potential relative to the current share price.

Close to a pure GLP-1 play

The three focus areas that will be prioritized going forward are:

· The own project NEX-22: A one-month depot of the GLP-1 substance liraglutide, within the large and very expansive type 2 diabetes indication. Nanexa now plans to start a clinical phase I study with NEX-22 in Q1 2024 with expected read-out at the end of 2024.

· The partner project with Novo Nordisk: The exclusivity and evaluation agreement covers Nanexa's drug delivery system PharmaShell together with a specific substance class, not yet announced.

· Other well advanced partner projects where Nanexa sees opportunities for interesting broadening of collaborations with significant revenue potential during the period.

Clinical Trial Application for NEX-22 validated by EMA

Along with the announcement of the tactical reprioritization, Nanexa also announced that the Clinical Trial Application for the Phase I study of NEX-22 in patients with type 2 diabetes has been received and validated by the European Medicines Agency (EMA). This follows the results from the preclinical study of NEX-22 in minipigs confirming the long release profile of liraglutide, also seen in rats. Now Nanexa targets to start the Phase I study based on an approval in the first quarter of 2024.

Runway into 2025

With a cash position of SEK 84m after Q3 and the rights issue, the reprioritization will extend the company's runway into mid-2025. But we also note a heightened pressure on the company to reach some form of licensing agreement in either of these three prioritized areas during 2024. After a revision of our SOTP, where we exclude NEX-20 for the time being, we now see support for a total rNPV of SEK 2.6-9.9 (4.3-11.6) per share. We continue to see a wide range of potential outcomes for the company's various projects and partnerships and now look forward to the Phase I trial with NEX-22 and more positive news flow from the partner projects as triggers in 2024.

Read the full report here: https://www.emergers.se/nanexa_t/

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