

Equity Research | NANEXA: Raising our LOAs following a review of the projects

With the dust settling after the recent rights issue, Nanexa now progresses with its more focused roadmap, concentrating on Phase I trials with NEX-22 in Q1'24, preparation for Phase Ib trials with NEX-20, and the partner projects. With a cash position of SEK 84m, there is a financial runway through 2024, but also a higher pressure to reach a licensing agreement soon. Following a revision of the projects, we've increased our Likelihood of Approvals (LOA) for NEX-20 and NEX-22 to 20% and 15% respectively (up from 9.2% and 7.5%). This, coupled with a wide range of possible outcomes for the company's projects, supports a high potential relative to the current share price. We now look forward to the Phase I trial with NEX-22 and more positive news flow from the partner projects as triggers in 2024, and expect that the worldwide GLP-1 story will start to gain traction also for the Nanexa share soon.

Progress in NEX-20 and NEX-22 during fall

Revenues in Q3'23 amounted to SEK 6.7m, of which most, SEK 5.6m, was accrual of deferred revenue from the Novo Nordisk deal. Cash flow came in at SEK -18m in Q3'23, and SEK -61m year to date. In terms of development, Q3'23 saw the pharmacokinetic data from the Phase 1 study with NEX-20, which was then followed by final safety and tolerability data in October. Nanexa also completed a preclinical study of NEX-22 in minipigs confirming the long release profile of liraglutide, previously seen in rats. The company also reports of positive developments in the collaboration with Novo Nordisk and other partner projects.

Streamlining with focus on NEX-22 and partner projects

The key event during fall was the rights issue that netted the company SEK 63m after costs, putting cash at SEK 84m. As we've highlighted earlier, the lower than intended capital raised (SEK 75m compared to the targeted SEK 121m), actually represents a sobering streamlining, as the focus forward will now be on the most promising and lucrative assets in the portfolio – the long-acting depot formulation of GLP-1 agonist liraglutide and the partner project with largest shareholder Novo Nordisk – which are also the ones that holds the most attraction for investors.

Revision of LOA

Following a revision of the projects, where we especially take note of the recent successful completion of Phase I with NEX-20, the recommitment from Novo Nordisk in the recent rights issue, continued positive development in partner development with Novo Nordisk and the preclinical study in minipigs showing a long release profile of liraglutide, we've now raised our risk-adjustment for NEX-20 and NEX-22 to 20% and 15%, respectively (from 9.2% and 7.5%). After a revision also of our fundamental estimates, this motivates a hike in our total rNPV to SEK 4.3-11.6 (3.2-10.5) per share, as we continue to see a wide range of potential outcomes for the company's various projects and partnerships.



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

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