

January 6, 2025

NRx Acquires Dura Medical & Announces a \$27M Strategic Investment

NRx Pharmaceuticals and its subsidiary, HOPE Therapeutics, have announced significant advancements in their plan to establish a network of interventional psychiatry clinics. The anticipated acquisition of Dura Medical will anchor HOPE's operations in Florida, providing state-of-the-art mental health services, while a \$27 million funding agreement with Smith & Sauer is expected to support clinic acquisitions and pharmaceutical operations. These initiatives position NRx and HOPE for growth, revenue generation, and expanded services for civilian and veteran communities.

NRx Pharmaceuticals, through its subsidiary HOPE Therapeutics, is taking bold steps to establish a comprehensive network of interventional psychiatry clinics. The planned acquisition of Dura Medical, a leading provider of precision psychiatry services in Florida, marks a strategic milestone. With clinics in Naples and Fort Myers, Dura offers advanced therapies such as Ketamine Infusion Therapy and Transcranial Magnetic Stimulation (TMS) while partnering with the VA Community Cares Network to support veterans. Founder Stephen Durand will join HOPE as Director of Clinical Growth in Florida, driving expansion across the state.

Complementing this acquisition, NRx secured a \$27 million funding agreement with Smith & Sauer, including a \$25 million investment in Series A Preferred Stock for HOPE Therapeutics. This funding, non-dilutive to NRx shareholders, is coupled with a \$2 million equity purchase in NRx at \$2.75 per share, bolstering both clinic acquisitions and pharmaceutical development efforts. The agreement also grants Smith & Sauer warrants for 3 million NRx shares at \$3.00 per share, alongside royalties on net revenues.

These developments are expected to deliver immediate financial benefits, with Dura Medical's acquisition anticipated to be accretive to revenue and EBITDA. The integration of Dura into the HOPE network underscores NRx's commitment to addressing critical mental health needs, particularly among veterans and underserved populations. With Smith & Sauer joining the boards of NRx and HOPE, the company gains strategic expertise to support its ambitious growth trajectory.

Valuation: Our \$31 PT is based on the success of NRX-100 and NRX-101, including revenues from the clinic acquisitions (Hope Therapeutics). Our valuation models include Free Cash Flow to the Firm (FCFF), disc EPS (dEPS), and Sum-of-the-Parts (SOP). We use a 30% discount rate. This is in addition to our revenue models' 30% risk cut or 70% Probability of Success POS factor. We select 30% for micro-capitalized growth co's, representing our highest risk rate. These three models' results are equal-weighted, averaged, and rounded to the nearest whole number to provide a 12-month PT.

Risks to our thesis include: 1. Regulatory Approvals; 2. Clinical Science; 3. Intellectual Capital; and 4. Dilution

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MARKET DATA

Rating	Buy
Price Target	\$31.00
Price	\$2.69
Average Daily Volume (000)	5,020
52-Week Range (\$)	\$1.10-\$7.33
Market Cap (M)	\$33
Enterprise Value (M)	\$35
Book Value	(1.42)
Dividend Yield	0.0%
Cash (M)	\$2
Qrtly Burn Rate (M)	\$(2)

ESTIMATES

	2023A	2024E	2025E
Revenue (M)	\$0.0	\$0.0	\$107.2
Total Expenses (M)	\$28	\$22	\$15
GAAP EPS	\$(0.28)	\$(1.86)	\$1.02

One Year Performance Chart



Please see analyst certification and important disclosures on page 3 of this report.

NRx Pharmaceuticals: Income Statement																
000 : YE December 31	2023A	1Q24A	2Q24A	3Q24A	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Product sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NRX-101 for BPD - Akathisia	-	-	-	-	-	-	70,311	105,467	210,933	351,556	1,054,667	1,230,445	1,265,601	1,265,601	1,265,601	1,335,912
NRX-100 (IV Ketamine)	-	-	-	-	-	-	9,707	38,415	251,449	625,350	1,038,634	1,151,314	1,416,339	1,416,339	1,416,339	1,416,339
PTSD / Pain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Product Sales	-	-	-	-	-	-	80,018	143,882	462,383	976,906	2,093,302	2,381,759	2,681,939	2,681,939	2,681,939	2,752,250
Clinic-Psyc Center Revenues Net to Parent	-	-	-	-	-	-	17,500	36,400	56,238	77,234	98,473	120,531	139,347	149,019	149,019	158,871
Total Revenues	-	-	-	-	-	-	107,225	180,282	518,621	1,054,139	2,191,774	2,502,290	2,821,286	2,830,959	2,830,959	2,911,122
Expenses																
Product COGS	-	-	-	-	-	-	-	34,532	92,477	175,843	313,995	357,264	402,291	375,472	268,194	275,225
COGS %	-	-	-	-	-	-	-	24%	20%	18%	15%	15%	15%	14%	10%	10%
Research and Development	13,371	1,748	2,804	611	2,500	7,663	12,000	12,500	15,000	18,000	19,800	27,720	38,808	58,600	64,460	70,906
General and Administrative	14,216	4,250	4,246	2,411	3,900	14,807	14,955	15,105	15,256	19,070	22,884	26,316	27,632	27,908	28,187	28,469
Total Operating Expenses	27,837	5,998	7,050	3,022	6,400	22,470	14,955	49,636	107,732	194,913	336,879	383,580	429,923	403,380	296,381	303,694
Loss from Operations	(27,837)	(5,998)	(7,050)	(3,022)	(6,400)	(22,470)	65,063	94,246	354,651	781,993	1,756,423	1,998,179	2,252,017	2,278,560	2,385,558	2,448,556
Other (income) Expenses																
Gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	(494)	(27)	(7)	(6)	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense - Convertible note	120	230	849	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of warrant liability	2,707	318	23	(1,355)	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of Earnout Cash liability	(20)	9	(18)	(38)	-	-	-	-	-	-	-	-	-	-	-	-
Total other (income) expense	530	847	(1,399)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Loss	(30,150)	(6,528)	(7,897)	(1,623)	(6,400)	(22,470)	65,063	94,246	354,651	781,993	1,756,423	1,998,179	2,252,017	2,278,560	2,385,558	2,448,556
Deemed Dividend (& other)	(3)	-	-	-	-	-	-	4,712	28,372	78,199	316,156	479,563	630,565	683,568	739,523	808,024
Tax Rate	0%	0%	0%	0%	0%	0%	0%	5%	8%	10%	18%	24%	28%	30%	31%	33%
GAAP Net Income (loss)	(30,147)	(6,528)	(7,897)	(1,626)	(6,400)	(22,451)	65,063	89,533	326,279	703,794	1,440,267	1,518,616	1,621,452	1,594,992	1,646,035	1,640,533
GAAP-EPS	(0.40)	(0.74)	(0.75)	(0.15)	(0.36)	(1.99)	(0.43)	1.81	6.57	14.12	28.77	30.22	32.14	31.48	32.41	32.22
GAAP EPS (dil)	(0.28)	(0.74)	(0.75)	(0.15)	(0.36)	(1.86)	1.02	1.12	4.06	8.71	17.76	18.65	32.14	31.48	32.41	32.22
Wgtd Avg Shrs (Bas) '000	75,762	8,852	10,517	10,973	18,000	12,086	41,180	49,457	49,655	49,854	50,054	50,255	50,456	50,658	50,785	50,912
Wgtd Avg Shrs (Dil) '000	109,406	8,852	10,517	10,973	18,000	12,086	63,906	80,137	80,458	80,780	81,104	81,429	81,755	82,082	82,288	82,494

Source: Company reports and EF Hutton

Important Disclosures

Analyst Certification

I, Jason Kolbert, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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HOLD (H) - Total return expected to be in-line with S&P 500

SELL (S) - Total return expected to underperform S&P 500 by at least 10%

Distribution of Ratings/IB Services

D. Boral

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent

NRx Pharmaceuticals, Inc. Rating History as of 01/03/2025

