

Nicox

Financing update

€10m financing boosts cash runway into Q224

Nicox [announced](#) a €10m private placement equity financing transaction, resulting in €8.9m in net proceeds. With the company extending the interest-only payment period of its existing Kreos Capital debt by six months (to January 2024), it has extended its estimated cash runway (based on the development of NCX-470 alone) to mid-May 2024, from mid-November 2023, previously. Altogether, Nicox issued 6.849m shares at an offering price of €1.46 per share (a 14% discount to the 21 November closing price) to Armistice Capital Master Fund, a [healthcare and consumer sector focused hedge fund](#) registered in the Cayman Islands. Nicox also affirmed that it now expects to complete [Denali](#), the second NCX-470 Phase III study, in 2025, consistent with our existing estimates, although additional capital will be required. Our rNPV of €190.4m is unchanged, but our equity value per basic share is now €4.10 (vs €4.52 previously) given the additional shares outstanding.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/20	14.4	(10.2)	(0.30)	0.0	N/A	N/A
12/21	8.6	(15.5)	(0.35)	0.0	N/A	N/A
12/22e	5.2	(17.3)	(0.33)	0.0	N/A	N/A
12/23e	7.3	(17.4)	(0.34)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Attached warrants could further extend runway

The investor (Armistice) was also granted 6.849m share purchase warrants, exercisable at €1.70 per warrant. Full exercise of these warrants could raise €11.6m in additional proceeds. Given the €8.9m in net proceeds from the current financing, but excluding the effect of the attached warrants, we now expect the company will require €76m in added funding (from €85m previously) before the anticipated launch of NCX-470 (which we forecast in 2027).

Affirming NCX-470 and refining NCX-1728 strategies

Nicox continues to plan to start two Phase IIIb studies in H123, as discussed in [our prior note](#), with the aim of demonstrating that NCX-470 may protect the retinal ganglion cells susceptible to glaucomatous damage through IOP-independent mechanisms, as has been observed in preclinical models. The company also indicated that its studies on its nitric-oxide emitting preclinical stage drug candidate NCX-1728 have established potential utility for retinal conditions, and the company will no longer advance it for the reduction of intraocular pressure (IOP).

Valuation: Revision to reflect new shares outstanding

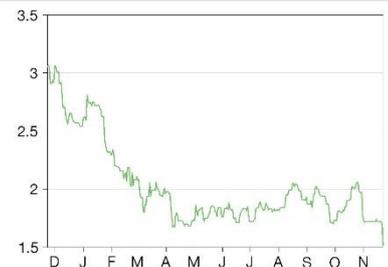
Nicox reported €25.6m in cash and equivalents at 30 September, and €20.6m in non-lease debt. Following the private placement, we calculate pro forma Q322 net cash of €15.0m, excluding lease liabilities. Adding this amount to our unchanged €190.4m rNPV results in an equity valuation of €205.4m, or €4.10 per basic share (€3.75 fully diluted), down from €4.52 previously (€4.36 fully diluted).

Pharma and biotech

23 November 2022

Price	€1.51
Market cap	€84m
	\$1/€
Pro forma net cash (€m) at 30 September 2022	15.0
Shares in issue (following November 2022 private placement)	50.1m
Free float	86%
Code	COX
Primary exchange	Euronext
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(25.0)	(25.0)	(51.0)
Rel (local)	(31.8)	(27.6)	(47.1)
52-week high/low		€3.1	€1.5

Business description

France-based Nicox develops therapeutics for the treatment of ocular conditions. Its lead candidate NCX-470 is in Phase III studies for the treatment of glaucoma, and it is advancing NCX-4251 for dry eye disease. Nicox also receives licence revenue for its FDA-approved drugs Vyzulta and Zerviate.

Next events

Start NCX-470 Phase IIIb clinical studies aiming to show retinal cell or perfusion benefits H123

Analysts

Pooya Hemami +1 646 653 7026
OD MBA CFA

Soo Romanoff +44 (0)20 3077 5700

healthcare@edisongroup.com

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Exhibit 1: Financial summary

	€(000)	2018	2019	2020	2021	2022e	2023e	2024e
31-December		IFRS						
PROFIT & LOSS								
Revenue		4,717	8,260	14,423	8,583	5,193	7,298	9,704
Cost of Sales		(690)	(1,405)	(1,516)	(1,350)	(1,592)	(1,750)	(2,161)
Gross Profit		4,027	6,855	12,907	7,233	3,601	5,548	7,543
General & Administrative		(9,506)	(7,666)	(6,677)	(7,000)	(7,905)	(8,269)	(11,543)
Net Research & Development		(15,491)	(16,883)	(11,991)	(17,194)	(15,063)	(13,336)	(16,136)
Amortisation of intangible assets		0	(659)	(1,252)	(1,205)	(423)	(798)	(778)
Operating profit before exceptionals		(20,970)	(18,353)	(7,013)	(18,166)	(19,790)	(16,856)	(20,914)
EBITDA		(20,718)	(17,230)	(5,270)	(16,505)	(18,979)	(15,751)	(19,868)
Depreciation & other		(252)	(464)	(491)	(456)	(388)	(307)	(268)
Operating Profit (before amort. and except.)		(20,970)	(17,694)	(5,761)	(16,961)	(19,367)	(16,057)	(20,136)
Exceptionals including asset impairment		302	(6,115)	(6,621)	(30,658)	(11,631)	0	0
Other		0	0	0	(1,159)	0	0	0
Operating Profit		(20,668)	(23,809)	(12,382)	(48,778)	(30,998)	(16,057)	(20,136)
Net Interest		2,390	1,690	(4,436)	1,419	2,057	(1,326)	(2,806)
Profit Before Tax (norm)		(18,580)	(16,004)	(10,197)	(15,542)	(17,310)	(17,383)	(22,942)
Profit Before Tax (FRS 3)		(18,278)	(22,778)	(18,070)	(48,564)	(29,364)	(18,182)	(23,720)
Tax		(113)	3,856	(28)	3,644	1,679	0	0
Profit After Tax and minority interests (norm)		(18,693)	(12,148)	(10,225)	(13,057)	(15,631)	(17,383)	(22,942)
Profit After Tax and minority interests (FRS 3)		(18,391)	(18,922)	(18,098)	(44,920)	(27,685)	(18,182)	(23,720)
Average Basic Number of Shares Outstanding (m)		29.6	30.3	33.7	37.5	46.7	50.5	51.1
EPS - normalised (€)		(0.63)	(0.40)	(0.30)	(0.35)	(0.33)	(0.34)	(0.45)
EPS - normalised and fully diluted (€)		(0.63)	(0.40)	(0.30)	(0.35)	(0.33)	(0.34)	(0.45)
EPS - (IFRS) (€)		(0.62)	(0.62)	(0.54)	(1.20)	(0.59)	(0.36)	(0.46)
Dividend per share (€)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET								
Fixed Assets		112,498	110,660	89,745	66,871	61,043	60,121	59,317
Intangible Assets		71,397	72,120	64,848	39,974	32,127	31,329	30,550
Tangible Assets		25,628	27,517	24,829	26,660	28,759	28,634	28,608
Investments in long-term financial assets		15,473	11,023	68	237	158	158	158
Current Assets		26,092	32,146	52,521	47,738	35,387	34,885	37,654
Short-term investments		0	0	0	0	0	0	0
Cash		22,059	28,102	47,195	41,970	29,938	28,971	31,611
Other		4,033	4,044	5,326	5,768	5,448	5,914	6,043
Current Liabilities		(8,069)	(9,828)	(15,404)	(8,000)	(7,981)	(6,677)	(5,280)
Creditors		(8,069)	(7,751)	(10,115)	(8,000)	(7,981)	(6,677)	(5,280)
Short term borrowings		0	(2,077)	(5,289)	0	0	0	0
Long Term Liabilities		(16,868)	(23,681)	(26,027)	(31,057)	(28,846)	(45,846)	(71,846)
Long term borrowings		0	(9,045)	(12,687)	(20,520)	(20,196)	(37,196)	(63,196)
Other long term liabilities		(16,868)	(14,636)	(13,340)	(10,537)	(8,650)	(8,650)	(8,650)
Net Assets		113,653	109,297	100,835	75,552	59,603	42,483	19,845
CASH FLOW								
Operating Cash Flow		(21,533)	(17,741)	(956)	(19,900)	(22,986)	(16,459)	(20,311)
Net interest and financing income (expense)		2,390	1,690	(4,436)	1,419	2,057	(1,326)	(2,806)
Tax		0	0	0	0	0	0	0
Net Operating Cash Flow		(19,143)	(16,051)	(5,392)	(18,481)	(20,929)	(17,785)	(23,117)
Capex		(268)	(95)	(20)	(8)	(82)	(182)	(243)
Acquisitions/disposals		0	0	0	0	37	0	0
Financing		0	11,290	13,321	13,804	9,086	0	0
Dividends		0	0	0	0	0	0	0
Net Cash Flow		(19,411)	(4,856)	7,909	(4,685)	(11,888)	(17,967)	(23,360)
Opening net debt/(cash)		0	(37,532)	(28,003)	(29,287)	(21,687)	(9,900)	8,067
HP finance leases initiated		0	0	0	0	0	0	0
Other		56,943	(4,673)	(6,625)	(2,915)	101	0	0
Closing net debt/(cash)		(37,532)	(28,003)	(29,287)	(21,687)	(9,900)	8,067	31,427
Lease debt		na	1,527	1,099	986	1,297	1,297	1,297
Closing net debt/(cash) inclusive of IFRS16 lease debt		(37,532)	(26,476)	(28,188)	(20,701)	(8,603)	9,364	32,724

Source: Company reports, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia