

Extended survival options

Noxopharm (ASX:NOX) is a clinical stage drug development company with a leading drug candidate in various clinical trials at Phase II level. There is also an active drug development program developing new drug compounds. The company's current lead drug candidate is Veyonda^R which is an immunotherapy drug designed to boost the effectiveness of all three major forms of cancer treatment - immuno-oncology therapy, radiotherapy and chemotherapy. To that end, the company is engaged in three separate cancer studies – the IONIC-1 Study (Phase I/II) with Bristol Myers Squibb (BMS) to see if Veyonda^R can overcome resistance to nivolumab (Opdivo^R) found in most solid cancers; the DAART-2 (Phase II) study to test Veyonda's ability to achieve high rates of abscopal effect in patients with prostate, breast or lung cancers; the LuPIN (Phase I/II) testing ability of Veyonda^R to boost response to the US\$6b radiopharmaceutical, LuPSMA-617 (Novartis). Veyonda^R also has unique anti-inflammatory properties, leading to it currently being tested in a Phase 1b trial on COVID-19 where it is being used to block the long term and often fatal outcomes of the virus. The company has also recently established a new subsidiary, Pharmorage, to build on the anti-inflammatory properties of Veyonda^R.

Business model

Noxopharm is focussed on seeing Veyonda^R come to market as a general purpose immunotherapy drug, boosting the anti-cancer response to standard external radiotherapy, intravenous radiotherapy, immuno-oncology drugs and standard chemotherapy drugs. Noxopharm has a stated goal of seeking to partner out Veyonda^R on the back of Phase II data to a major pharma company and is building an oncology drug pipeline in expectation of Veyonda^R being the subject of a possible future industry transaction. NOX is already running two clinical trials in combination with major pharma companies – Novartis and BMS. Near term, the company's number 1 priority program is DAART-2 which is entering Phase II and aimed at end-stage prostate cancer. The second phase trial will be implemented by Parexel, a US based clinical research organisation with extensive oncology experience, and involve more than 200 patients on 1 cycle of radiotherapy and 6 cycles of Veyonda^R. Beyond Veyonda^R, the company is seeking to add value by exploiting its technology platform to develop non-oncology drugs. It has already spun out one subsidiary, Nyrada Inc (ASX:NYR), with a drug to treat stroke and traumatic brain injuries, and recently established another subsidiary, Pharmorage Pty Ltd, to focus on developing drugs for chronic inflammation and autoimmune diseases.

Interim result commentary

Noxopharm's cash position as at 4 March 2021 was ~A\$31.7M following receipt of the 2019/20 Federal Government R & D tax rebate on 2 March 2021. The company spent \$3.05m on R&D in H1 FY21 versus \$3.55m in H1 FY20. Costs overall in the half, excluding one-time items (positive fair value movement in a derivative liability) were flat on the prior year.

Immuno-oncology companies are the closest peers

We look to biotechs focussed on novel immune-oncology treatments for Noxopharm's peers. Some that come to mind in the Australian market include Imugene, Immutep and Telix Pharmaceuticals.

12th March 2021

Share details

ASX Code	NOX
Share price	\$0.64
Market Capitalisation	\$177.0M
Shares on issue	278.8M
In the money options (\$0.30-\$0.62 ex price)	54.3M
Cash at 4 March '21	~A\$31.7M
Free float	~87.0%

Share performance (12 months)



Upside Case

- Two global pharma companies are involved in Noxopharm trials for Veyonda^R presenting partnering opportunities
- Significant upside and application should Veyonda^R prove to be an effective immuno-oncology drug
- Strong cash position (~A\$31.7M at 4 March '21)

Downside Case

- Mid-stage testing (Phase II)
- Binary outcome
- Long time line to commercial success

Catalysts/upcoming events

IONIC-1 and DARRT-2 start patient recruitment, COVID-19 clinical trial completed

Comparable companies (Aust/NZ)

Imugene (ASX:IMU), Immutep (ASX:IMM), Telix Pharmaceuticals (ASX:TLX)

Top 5 shareholders

Graham Kelly	12.78%
Eleanore Goodridge	3.49%
RGT Capital Fund	2.33%
Link Traders	1.77%
RHLC Pty Ltd	1.17%

Company contacts

Prue Kelly +61 459 022 445
info@noxopharm.com

RaaS Advisory contacts

Finola Burke +61 414 354 712
finola.burke@raasgroup.com



FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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