

NEWSFLOW

RECOGNITION OF IADADEMSTAT'S POTENTIAL

Oryzon has had a productive week, especially with its drug candidate iadademstat, for which it has obtained a \$2.0m (€1.87m) subsidy from the European Commission for its acute myeloid leukemia (AML) programme as well as Orphan Drug Designation (ODD) from the FDA for its lung cancer programme. This ODD adds to that already granted by the FDA for AML, along with the equivalent label from the EMA. These various signs of recognition from different institutions reputed for the quality of their assessments and the high degree of selectivity of projects supported, testifies to the potential harboured in iadademstat in oncology, especially in cancer indications recognised as being difficult to treat. We maintain our rating and our TP of €6.6.

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EU Seal of Excellence awarded to the iadademstat project in AML

Oryzon announced on Tuesday that it had received the European Commission's Seal of Excellence quality label awarded under the framework of the EIC Accelerator of the Horizon Europe Programme. This distinction also includes a non-repayable state subsidy of \$2.0m (€1.87m) destined for a project set to last for two and a half years, the aim of which is to demonstrate the potential of iadademstat in treatment of acute myeloid leukemia. This subsidy will help cover execution costs for the FRIDA clinical trial already underway and should also enable the company to develop the formulation and manufacturing procedures for industrial production of iadademstat with a view to its marketing if it obtains approval. Indeed, the FDA recently approved an investigational new drug request (IND) in the US for the FRIDA trial, which aims to assess the efficacy of the optimal dose of iadademstat in combination with gilteritinib in patients suffering from remissive/refractory AML with FLT3 mutations.

Orphan Drug Designation granted by the FDA in lung cancer

Yesterday, the FDA granted ODD status to iadademstat in treatment of patients suffering from small cell lung cancer. The FDA's Office of Orphan Drug Products grants orphan drug status to support the development of drugs for rare diseases that affect fewer than 200k people in the US. This distinction adds to previous signs of recognition from different health organisations, thereby underscoring the potential harboured in iadademstat in oncology. Note that iadademstat has already obtained ODD status from the FDA and the EMA for treatment of AML.

iadademstat's innovative mechanism of action consists of a new targeted epigenetic approach for the treatment of various cancers that are considered difficult to treat. More precisely, the drug candidate acts through two independent and complementary paths:

- (i) epigenetic reprogramming of the tumour cell genome,
- (ii) increasing the ability of the patient's immune system to recognise and destroy the cancer.

Invest Securities and the issuer have signed an analyst coverage agreement.

in € / share	2022e	2023e	2024e
Adjusted EPS	0,57	0,48	0,81
chg.	n.s.	-15,6%	+67,1%
estimates chg.	-937%	-517%	n.s.

au 31/12	2022e	2023e	2024e
PE	0,0x	0,0x	0,0x
EV/Sales	0,2x	-0,2x	-0,3x
EV/Adjusted EBITD	0,2x	-0,2x	-0,7x
EV/Adjusted EBITA	0,2x	-0,2x	-0,7x
FCF yield*	198,8%	#####	-86,2%
Div. yield (%)	n.s.	n.s.	n.s.

\* After tax op. FCF before WCR

key points			
Closing share price	08/06/2022		2,8
Number of Shares (m)			53,1
Market cap. (€m)			147
Free float (€m)			118
ISIN			ES0167733015
Ticker			ORY-ES
DJ Sector			Health Technology

	1m	3m	Ytd
Absolute perf.	+24,5%	+10,1%	+2,6%
Relative perf.	+19,2%	+1,9%	+16,4%

Source : Factset, Invest Securities estimates

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FINANCIAL DATA

Share information	2017	2018	2019	2020	2021	2022e	2023e	2024e
Published EPS (€)	-0,15	-0,03	-0,08	-0,08	-0,14	0,57	0,48	0,81
<b>Adjusted EPS (€)</b>	<b>-0,15</b>	<b>-0,03</b>	<b>-0,08</b>	<b>-0,08</b>	<b>-0,14</b>	<b>0,57</b>	<b>0,48</b>	<b>0,81</b>
<i>Diff. I.S. vs Consensus</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Valuation ratios	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	0,0x	0,0x	0,0x
EV/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	0,16x	-0,16x	-0,32x
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	0,2x	-0,2x	-0,7x
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	0,2x	-0,2x	-0,7x
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	198,8%	-292,2%	-86,2%
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	198,8%	-292,2%	-86,2%
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
<i>NB : valuation based on annual average price for past exercise</i>								
Entreprise Value (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Share price in €</i>	<i>4,6</i>	<i>0,0</i>	<i>3,3</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0</i>
Market cap.	156	0	152	39	39	39	39	39
Net Debt	-17	-23	-27	-29	-15	-31	-43	-70
Minorities	0	0	0	0	0	0	0	0
Provisions/ near-debt	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	0
<b>Entreprise Value (EV)</b>	<b>139</b>	<b>-22</b>	<b>125</b>	<b>10</b>	<b>24</b>	<b>8</b>	<b>-4</b>	<b>-31</b>
Income statement (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	0,0	0,0	0,0	0,0	0,0	50,0	26,5	96,3
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Adjusted EBITDA	-4	-3	-4	-4	-6	35	22	41
<b>adjusted EBITA</b>	<b>-4</b>	<b>-3</b>	<b>-4</b>	<b>-4</b>	<b>-6</b>	<b>35</b>	<b>22</b>	<b>41</b>
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>-36,39€</i>	<i>+87,69€</i>
EBIT	-4,7	-3,3	-3,8	-4,3	-6,8	34,1	21,5	40,7
Financial result	-1	-1	-1	0	0	0	0	0
Corp. tax	0	3	1	1	1	-9	0	-5
Minorities+affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-5,2	-1,2	-3,7	-3,4	-5,9	25,0	21,1	35,2
<b>Adjusted net att. profit</b>	<b>-5,2</b>	<b>-1,2</b>	<b>-3,7</b>	<b>-3,4</b>	<b>-5,9</b>	<b>25,0</b>	<b>21,1</b>	<b>35,2</b>
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>-15,69€</i>	<i>+67,19€</i>
Cash flow statement (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	-3,9	-3,1	-3,7	-4,1	-6,5	34,5	22,0	41,2
Theoretical Tax / EBITA	0,1	2,5	0,9	1,4	1,4	-8,7	0,0	-5,1
Capex	0,6	-7,0	-9,6	-9,1	-9,5	-9,5	-9,5	-9,5
<b>Operating FCF bef. WCR</b>	<b>-3,2</b>	<b>-7,6</b>	<b>-12,4</b>	<b>-11,8</b>	<b>-14,6</b>	<b>16,3</b>	<b>12,5</b>	<b>26,7</b>
Change in WCR	-0,2	0,3	0,3	-1,2	0,0	0,0	0,0	0,0
<b>Operating FCF</b>	<b>-3,4</b>	<b>-7,3</b>	<b>-12,1</b>	<b>-13,1</b>	<b>-14,6</b>	<b>16,3</b>	<b>12,5</b>	<b>26,7</b>
Acquisitions/disposals	5,1	0,1	0,5	0,1	0,0	0,0	0,0	0,0
Capital increase/decrease	16,9	11,9	18,4	18,2	0,0	0,0	0,0	0,0
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other adjustments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Published Cash-Flow</b>	<b>18,5</b>	<b>4,7</b>	<b>6,7</b>	<b>5,3</b>	<b>-14,6</b>	<b>16,3</b>	<b>12,5</b>	<b>26,7</b>
Balance Sheet (€m)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Assets	25	32	42	52	61	70	79	88
Intangible assets/GW	22	29	40	49	58	68	77	86
WCR	-8	-9	-8	-5	-5	-5	-5	-5
Group equity capital	34	45	61	76	70	95	116	151
Minority shareholders	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0
<b>Net financial debt</b>	<b>-17,2</b>	<b>-22,6</b>	<b>-26,7</b>	<b>-29,1</b>	<b>-14,5</b>	<b>-30,8</b>	<b>-43,3</b>	<b>-69,9</b>
Financial ratios	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	69,0%	83,1%	42,8%
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	69,0%	83,1%	42,8%
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	49,9%	79,6%	36,5%
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	53,0%	29,6%	49,5%
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	26,3%	18,1%	23,3%
Gearing	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	-0,9x	-2,0x	-1,7x

Source : company, Invest Securities Estimates

## INVESTMENT CASE

ORYZON GENOMICS is a Spanish biotechnology company specializing in the treatment of neurodegenerative diseases and cancer. Specializing in the field of epigenetics, the company aims, in all of its development programs, to identify biomarkers through its genetic and proteomic platforms in order to develop small molecule drugs. The company has delivered interesting results with its most advanced programs in areas more or less invested in terms of overall R&D efforts, cancer but also Covid-19 and cognitive disorders associated with neurodegenerative diseases or disorders of the personality.

## SWOT ANALYSIS

### STRENGTHS

- Epigenetic platform
- Extensive development pipeline
- Differentiating positioning

### WEAKNESSES

- No partnership
- Risky indications (CNS)
- Intense competition in oncology

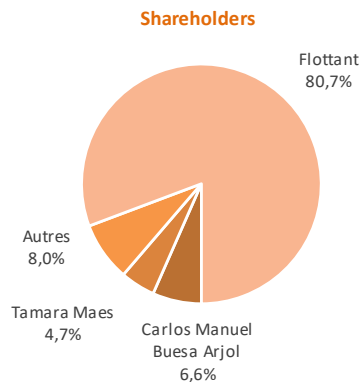
### OPPORTUNITIES

- Potential partnership
- Extension of indications

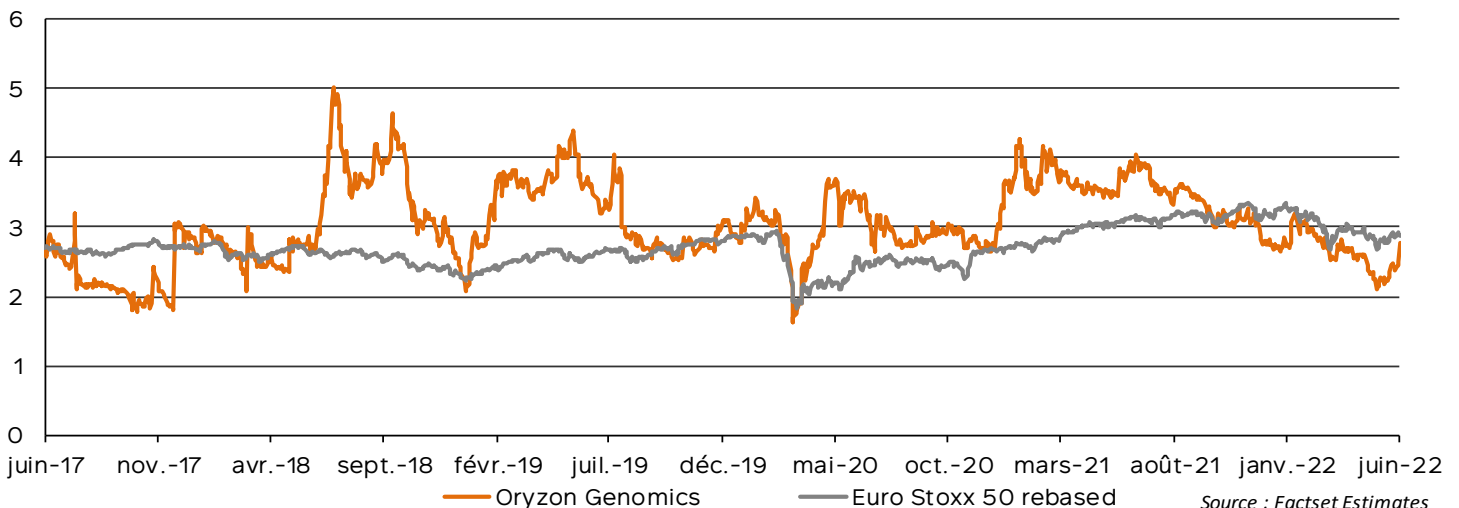
### THREATS

- Clinical and regulatory risk
- Commercial risks
- Legal risks

## ADDITIONAL INFORMATION



## SHARE PRICE CHANGE FOR 5 YEARS



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## TARGET PRICE AND RECOMMENDATION

Our analyst ratings are dependent on the expected absolute performance of the stock on a 6- to 12-month horizon. They are based on the company’s risk profile and the target price set by the analyst, which takes into account exogenous factors related to the market environment that may vary considerably. The Invest Securities analysis office sets target prices based on a multi-criteria fundamental analysis, including, but not limited to, discounted cash flows, comparisons based on peer companies or transaction multiples, sum-of-the-parts value, restated net asset value, discounted dividends.

Ratings assigned by the Invest Securities analysis office are defined as follows:

- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company’s risk profile)
- NEUTRAL: Between -10% downside and +10% upside potential (the maximum required may be revised upward depending on the company’s risk profile)
- SELL: Downside potential of more than 10%
- TENDER or DO NOT TENDER: Recommendations used when a public offer has been made for the issuer (takeover bid, public exchange offer, squeeze-out, etc.)
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- UNDER REVIEW: Temporary recommendation used when an exceptional event that has a substantial impact on the company’s results or our target price makes it impossible to assign a BUY, NEUTRAL or SELL rating to a stock

**12-MONTHS HISTORY OF OPINION**

The table below reflects the history of recommendation and price target changes made by Invest Securities' research department over the last 12 months.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
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**DETECTION OF CONFLICTS OF INTEREST**

	Oryzon Genomics
Invest Securities was lead manager or co-lead manager in a public offer concerning the financial instruments of this issuer during the last twelve months.	No
Invest Securities has signed a liquidity contract with the issuer.	No
Invest Securities and the issuer have signed a research service agreement.	No
Invest Securities and the issuer have signed a Listing Sponsor agreement.	No
Invest Securities has been remunerated by this issuer in exchange for the provision of other investment services during the last twelve months (RTO, Execution on behalf of third parties, advice, placement, underwriting).	No
This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.	No
This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.	No
The financial analyst has an interest in the capital of the issuer.	No
The financial analyst acquired equity securities of the issuer prior to the public offering transaction.	No
The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.	No
An executive officer of Invest Securities is in a conflict of interest with the issuer and was given access to this document prior to its completion.	No
Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net long position of more than 0.5% of the issuer's capital.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net short position of more than 0.5% of the issuer's capital.	No
The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.	No

La politique de gestion des conflits d'intérêts d'Invest Securities est accessible sur le site d'Invest Securities dans la rubrique Règlements. Une liste de toutes les recommandations diffusées sur 12 mois ainsi que la publication trimestrielle de la part des « ACHAT, VENTE, NEUTRE, AUTRES » sur 12 mois, sont accessibles sur le site de recherche d'Invest Securities.

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