

Healthcare: Biotechnology

Company Update

**Oryzon Genomics SA** | ORY.SM - €2.51 - MADRID | Buy

**Stock Data**

|                    |               |
|--------------------|---------------|
| 52-Week Low - High | €2.04 - €3.70 |
| Shares Out. (mil)  | 53.96         |
| Mkt. Cap.(mil)     | €135.18       |
| 3-Mo. Avg. Vol.    | 149,889       |
| 12-Mo.Price Target | €15.00        |
| Cash (mil)         | \$31.6        |
| Tot. Debt (mil)    | \$26.2        |

Cash (mil): Pro forma cash of about \$31.6M includes 8M euros raised since 1Q22 via convertible debt, which also raises debt by 8M euros to about \$25.5M.

**Revenue (\$ millions)**

| Yr Dec | —2021— | —2022E—     | —2023E—     |
|--------|--------|-------------|-------------|
|        |        | <b>Curr</b> | <b>Curr</b> |
| 1Q     | 0.0A   | 0.0A        | -           |
| 2Q     | 0.0A   | 0.0A        | -           |
| 3Q     | 0.0A   | 0.0E        | -           |
| 4Q     | 0.0A   | 0.0E        | -           |
| YEAR   | 0.0A   | 0.0E        | 0.0E        |

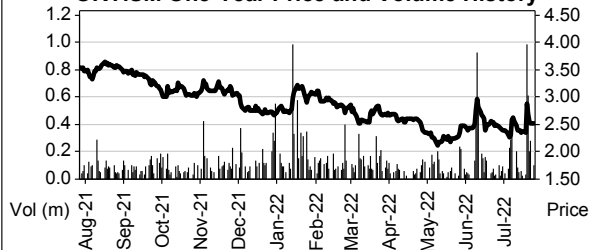
**EPS \$**

| Yr Dec | —2021—  | —2022E—     | —2023E—     |
|--------|---------|-------------|-------------|
|        |         | <b>Curr</b> | <b>Curr</b> |
| 1Q     | (0.04)A | (0.03)A     | -           |
| 2Q     | 0.02A   | 0.01A       | -           |
| 3Q     | (0.03)A | (0.05)E     | -           |
| 4Q     | (0.04)A | (0.05)E     | -           |
| YEAR   | (0.10)A | (0.14)E     | (0.34)E     |
| P/E    | NM      | NM          | NM          |

## ORY: Teams Up with U.S.-Based CMT Research Foundation to Fight CMT

ORY and the CMT Research Foundation (CMTRF) have joined forces to evaluate ORY's preclinical HDAC6 inhibitors in Charcot-Marie-Tooth (CMT) disease. CMTRF will fund in vivo efficacy tests in a preclinical CMT model with the two lead HDAC6 inhibitors that resulted from ORY's earlier preclinical discovery and lead selection efforts. CMT has no clinically proven treatments or cures.

- ORY began a preclinical collaboration with the U.S. non-profit organization CMT Research Foundation (CMTRF), which was formed to find treatments and cures for Charcot-Marie-Tooth (CMT) disease. The collaboration will focus on evaluating ORY's HDAC6 inhibitors. CMT is a progressive, degenerative peripheral nerve disease and has a prevalence of roughly 150k in the U.S. and over 3 million globally. CMT is caused by several different genetic mutations, with CMT1A being the most common at about half of CMT patients.
- HDAC6 inhibitors are believed to have the potential to treat CMT, especially CMT1A, and to that end ORY has selected two potential preclinical candidates having encouraging efficacy, selectivity, and safety. CMTRF is to fund certain in vivo murine experiments evaluating these HDAC6 inhibitors in CMT1A, an animal disease model that mimics many human CMT symptoms. In addition to the early funding, a clear benefit of partnering with CMTRF is that any approved drug could benefit from CMTRF's strong connection with the CMT patient community.

**ORY.SM One-Year Price and Volume History**


## VALUATION

Our 12-month price target of €15, is based on a DCF analysis using a 40% discount rate that is applied to all cash flows and the terminal value, which is based on a 4x multiple of our projected 2030 operating income of \$1.33 billion. We arrive at this valuation by projecting future revenue from vafidemstat in borderline personality disorder and Kabuki syndrome, as well as iadademstat in AML and SCLC.

Factors that could impede shares of ORY.SM from achieving our price target include vafidemstat and iadademstat failing to generate statistically significant clinical results. Also, regulatory agencies could fail to approve these drugs even if pivotal clinical trials are statistical successes, due to the agency viewing the results as not clinically meaningful. Loss of key management personnel could also impede achieving our price target, as could smaller than projected commercial opportunity due to changes in market size, competitive landscape, and drug pricing and reimbursement.

## RISKS

- Clinical risk. ORY.SM's clinical staged products could fail to deliver statistically significant results in late-stage clinical trials, substantially reducing the value of ORY.SM's product candidates and therefore our target price.
- Regulatory risk. Even if successful in the clinic, ORY.SM's products could fail to be approved by domestic and/or foreign regulatory bodies, which would reduce ORY.SM's value and therefore our target price.
- Financing risk. ORY.SM will need additional capital to fund its operations, and such financing may not occur or it could be substantially dilutive to existing investors.
- Competitive risk. For any future approved ORY.SM products, they may not be well adopted in a competitive marketplace, which would adversely affect ORY.SM's value and therefore our target price.
- High stock price volatility. This issue is common among small-cap biotechnology companies with relatively low trading volumes.

## COMPANY DESCRIPTION

Founded in 2000 in Barcelona, Spain, Oryzon (ISIN Code: ES0167733015) is a clinical stage biopharmaceutical company considered as the European leader in epigenetics. Oryzon has one of the strongest portfolios in the field, with two LSD1 inhibitors, iadademstat and vafidemstat, in Phase II clinical trials, and other pipeline assets directed against other epigenetic targets. In addition, Oryzon has a strong platform for biomarker identification and target validation for a variety of malignant and neurological diseases.

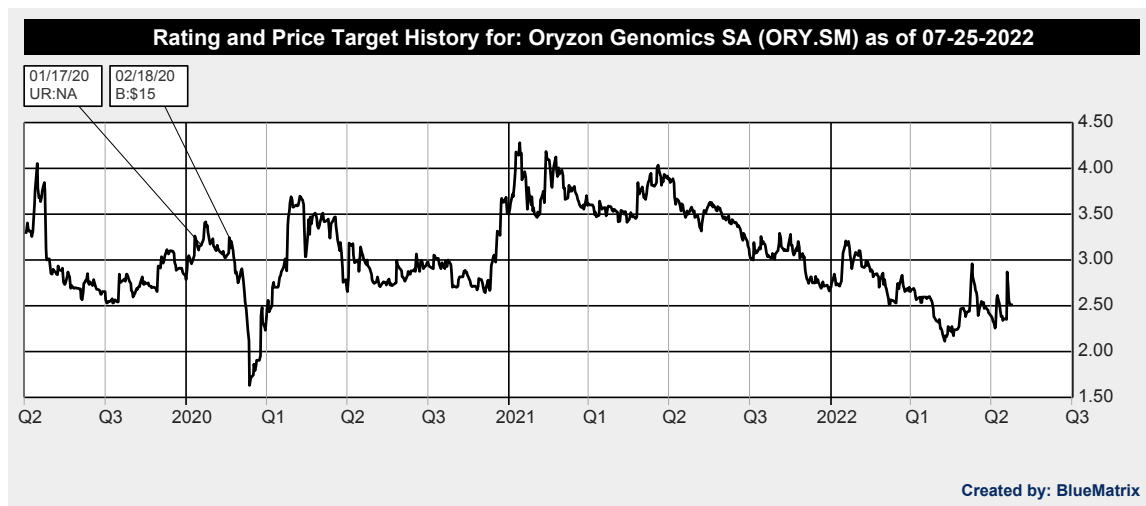
| Oryzon Genomics SA               |                 |                 |                 |                 |                |                |                |                |                 | Jonathan Aschoff, Ph.D. (646) 616-2795                   |                |                |                |                 |                 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|--|----------------|----------------|----------------|-----------------|-----------------|
| Income Statement                 |                 |                 |                 |                 |                |                |                |                |                 | <a href="mailto:jaschoff@roth.com">jaschoff@roth.com</a> |                |                |                |                 |                 |
| Fiscal Year ends December        |                 |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| (in 000, except per share items) |                 |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
|                                  | 2017A           | 2018A           | 2019A           | 2020A           | 1Q21           | 2Q21           | 3Q21           | 4Q21           | 2021A           | 1Q22A  | 2Q22A          | 3Q22E          | 4Q22E          | 2022E           | 2023E           |
| Global iadademstat revenue       |                 |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| Global vafidemstat revenue       |                 |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| Collaboration revenue            | 20              |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| <b>Total revenue</b>             | <b>20</b>       |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| Cost of revenue                  |                 |                 |                 |                 |                |                |                |                |                 |  |                |                |                |                 |                 |
| R&D                              | 6,363           | 8,489           | 12,647          | 13,591          | 4,278          | 2,928          | 3,982          | 3,930          | 15,118          | 4,228  | 4,166          | 4,458          | 4,770          | 17,621          | 22,908          |
| G&A                              | 4,502           | 2,993           | 3,176           | 3,484           | 1,302          | 1,200          | 1,070          | 1,957          | 5,529           | 1,343  | 1,520          | 1,566          | 1,613          | 6,041           | 7,854           |
| <b>Total operating expenses</b>  | <b>10,865</b>   | <b>11,482</b>   | <b>15,823</b>   | <b>17,075</b>   | <b>5,580</b>   | <b>4,128</b>   | <b>5,052</b>   | <b>5,887</b>   | <b>20,647</b>   | <b>5,571</b>   | <b>5,686</b>   | <b>6,023</b>   | <b>6,382</b>   | <b>23,662</b>   | <b>30,761</b>   |
| <b>Operating income</b>          | <b>(10,845)</b> | <b>(11,482)</b> | <b>(15,823)</b> | <b>(17,075)</b> | <b>(5,580)</b> | <b>(4,128)</b> | <b>(5,052)</b> | <b>(5,887)</b> | <b>(20,647)</b> | <b>(5,571)</b>   | <b>(5,686)</b> | <b>(6,023)</b> | <b>(6,382)</b> | <b>(23,662)</b> | <b>(30,761)</b> |
| Other income (net)               | 5,659           | 8,143           | 11,522          | 11,805          | 3,536          | 2,256          | 3,252          | 3,466          | 12,510          | 3,826  | 3,894          | 3,000          | 3,000          | 13,720          | 6,000           |
| <b>Net income (pretax)</b>       | <b>(5,186)</b>  | <b>(3,339)</b>  | <b>(4,301)</b>  | <b>(5,269)</b>  | <b>(2,044)</b> | <b>(1,872)</b> | <b>(1,800)</b> | <b>(2,421)</b> | <b>(8,137)</b>  | <b>(1,745)</b>   | <b>(1,792)</b> | <b>(3,023)</b> | <b>(3,382)</b> | <b>(9,942)</b>  | <b>(24,761)</b> |
| Net financial & tax              | 1,047           | (1,991)         | (187)           | (1,098)         | 89             | (2,823)        | 36             | (62)           | (2,760)         | 67   | (2,139)        | 50             | 50             | (1,972)         | (2,169)         |
| <b>Net income</b>                | <b>(6,233)</b>  | <b>(1,348)</b>  | <b>(4,114)</b>  | <b>(4,171)</b>  | <b>(2,133)</b> | <b>951</b>     | <b>(1,836)</b> | <b>(2,359)</b> | <b>(5,377)</b>  | <b>(1,812)</b>   | <b>347</b>     | <b>(3,073)</b> | <b>(3,432)</b> | <b>(7,970)</b>  | <b>(22,592)</b> |
| EPS basic                        | (0.20)          | (0.04)          | (0.10)          | (0.08)          | (0.04)         | 0.02           | (0.03)         | (0.04)         | (0.10)          | (0.03)   | 0.01           | (0.05)         | (0.05)         | (0.14)          | (0.34)          |
| EPS diluted                      | (0.20)          | (0.04)          | (0.10)          | (0.08)          | (0.04)         | 0.02           | (0.03)         | (0.04)         | (0.10)          | (0.03)   | 0.01           | (0.05)         | (0.05)         | (0.14)          | (0.34)          |
| Basic shares outstanding         | 31,711          | 34,638          | 41,589          | 49,235          | 52,762         | 52,762         | 52,762         | 52,762         | 52,762          | 52,762   | 52,762         | 63,314         | 63,377         | 58,054          | 66,546          |
| Diluted shares outstanding       | 31,711          | 34,638          | 41,565          | 49,235          | 52,762         | 52,762         | 52,762         | 52,762         | 52,762          | 52,762   | 52,762         | 63,314         | 63,377         | 58,054          | 66,546          |

Source: SEC filings, company press releases, and ROTH Capital Partners

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Shares of Oryzon Genomics SA may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

**Distribution of IB Services Firmwide**

| Rating            | Count | Percent | IB Serv./Past 12 Mos.<br>as of 07/26/22 |         |
|-------------------|-------|---------|---|---------|
|                   |       |         | Count                                   | Percent |
| Buy [B]           | 352   | 84.82   | 224                                     | 63.64   |
| Neutral [N]       | 50    | 12.05   | 30                                      | 60.00   |
| Sell [S]          | 2     | 0.48    | 1                                       | 50.00   |
| Under Review [UR] | 11    | 2.65    | 6                                       | 54.55   |

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**Neutral:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

**Sell:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

**Under Review [UR]:** A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

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