

Oryzon Genomics

Financing update

Key €45m funding to back strategic priorities

Pharma and biotech

Oryzon has secured funding of up to €45m through a revised convertible bond financing agreement with Nice & Green, a Switzerland-based institutional investor, which is anticipated to extend Oryzon's cash runway to end-FY25. The new agreement supplants the previous €20m convertible bond agreement with Nice & Green, out of which €8m was pending withdrawal. We consider this announcement to be a critical development, especially in light of the overall macroeconomic environment. Management is expected to share top-line readouts from its lead asset (Phase IIb PORTICO trial in patients with borderline personality disorder) in Q124.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/21	10.6	(7.2)	(0.09)	0.0	N/A	N/A
12/22	15.7	(6.4)	(0.07)	0.0	N/A	N/A
12/23e	15.9	(6.6)	(0.07)	0.0	N/A	N/A
12/24e	19.0	(10.0)	(0.13)	0.0	N/A	N/A

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

According to the terms of the new convertible bond agreement, Oryzon can withdraw up to €45m in financing through the initial execution of €8m in two tranches of €4m, and additional tranches of up to €5m each, at its discretion. These bonds contain no interest or associated warrants and will have a maturity of 48 months. As required, these notes can subsequently be converted into new shares at a conversion price of 94% of the average closing daily volume-weighted price (between conversions) and will not exceed a 9.99% discount to the closing price on the date preceding the conversion of the relevant convertible note. Oryzon also holds the right to redeem notes at a premium of 3%. We note that this financing agreement will have a share dilution impact; however, it meets the larger priority of running the company's business operations according to plan.

In our [previous note](#), we estimated a cash runway into Q124 based on a gross cash position of €8.4m at end-Q323 and the latest cash burn rate, excluding upcoming debt obligations. Also, we noted the need to raise a total of €50m through FY23–25. However, after securing this new funding, we believe that Oryzon is sufficiently covered for its financing needs to end-FY25, including upcoming debt obligations.

While Oryzon awaits top-line data from the PORTICO Phase IIb trial in early 2024 (following recent favourable blinded safety data shared in October 2023), it remains on track for its other clinical activities, mainly patient recruitment for other ongoing trials (ie EVOLUTION for schizophrenia and FRIDA for acute myeloid leukaemia). Oryzon is also focused on building its pipeline further by advancing its preclinical portfolio. For example, ORY-4001 (a selective histone deacetylase 6 inhibitor) has been nominated for the treatment of neurological diseases such as Charcot-Marie-Tooth disease and amyotrophic lateral sclerosis.

27 November 2023

Price €2.01

Market cap €118m

Gross cash balance (€m) at end-September 2023 8.4

Shares in issue 58.6m

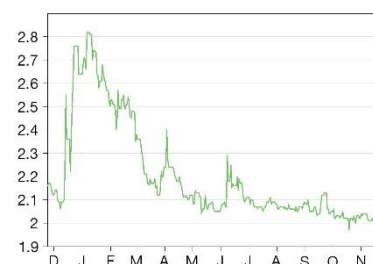
Free float 80%

Code ORY

Primary exchange Madrid Stock Exchange

Secondary exchange N/A

Share price performance



Business description

Oryzon Genomics is a Spanish biotech focused on epigenetics. Iadademstat is being explored for acute leukaemias, small-cell lung cancer and neuroendocrine tumours. Vafidemstat, its central nervous system (CNS) asset, has completed several Phase IIa trials and a Phase IIb trial in borderline personality disorder (now the lead study), but Oryzon is rapidly expanding its CNS R&D pipeline.

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