

Q4 2023 RESULTS

IN LINE, 1ST CONVERTIBLE BOND DRAWDOWNS FOR €10M SO FAR

Yesterday, the group reported Q4 2023 earnings in line with our estimates as expected. Cash burn for 2023 was consistent with 2022, representing \$20.8m vs. \$22.9m in 2022, whereas we were expecting a slightly steeper decline (\$18m in our estimates). The cash position at end-2023 was \$13.5m vs. \$8.8m at end-Q3 (€11.5m ISe), with the increase enabled by the drawdown of convertible bond tranches under the framework of the \$45m contract set up in November 2023 with Nice & Green. So far, ORYZON has already drawn €10m to enable it to continue its activities. The entire plan should enable it to extend its financial horizon out to 2025. We have updated our TP to €4.8 vs. €6.6 after factoring in the number of shares and net debt.

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Earnings in line, unsurprisingly

The company reported Q4 2023 results last night as well as its cash position at end-2023. Operating expenses were in line with our estimates and generally coherent with the 2022 level. For the full year 2023, we were expecting expenses of around \$18m vs. \$22.9m in 2022 and \$20.8m reported for 2023: R&D expenses of \$3.9m in Q4 vs. \$5m in Q4 2022 (and \$16.6m FY 2023 vs. \$18.1m in 2022), G&A expenses of \$1.2m in Q4 2023 vs. \$1.2m in Q4 2022 (and \$4.2m in 2023 vs. \$4.8m in 2022). As the company does not generate revenues but recognizes assets as revenues according to their R&D maturity stage, EBITDA came out at -\$1.4m in Q4 2023 vs. -\$1.6m in Q4 2022 (and -\$5m in 2023 vs. -\$5.9m in 2022). The net result was a loss of \$3.7m in 2023 (-\$1.7m ISe), but up on 2022 (-\$4.5m) thanks to a reduction in expenses.

... cash flow at end 2023 higher than our estimate, CB drawdowns

In terms of cash and cash equivalents, the company ended 2023 with \$13.5m vs. \$8.8m available at the end of September 2023, strengthening its position by nearly \$4.7m over Q4 2023. We were expecting cash at the end of 2023 of around \$11.5m, with the \$2m difference essentially due to an underestimate of total expenditure over 2023. The company received a \$2.3m subsidy from the Spanish government in October 2023 (European programme) and a \$0.5m grant from the ALS association in the US in December 2023. The majority of the cash increase in Q4 2023 stemmed from the drawdown of convertible bond tranches under the contract signed with Nice & Green in November 2023 for a total amount of up to €45m. The company drew down two tranches of \$4m each, for a total of \$8m, when the contract was signed in November 2023, with subsequent draws of \$5m. The company specified that €10m has already been drawn down, which should enable it to extend its financial visibility until 2025, assuming full utilisation of the plan.

BUY rating reiterated, TP revised to €4.8 vs. €6.6

Pending the FDA's decision, expected in H2 2024, on the "mixed" results of the PORTICO Ph IIb trial in BPD (borderline personality disorder), we maintain our Buy rating. Our target price has been adjusted to take account of convertible bond drawdowns since November 2023, the cash position as of December 31, 2023, (long term debt reaching \$12.9m as of December 31, 2022), and the current number of shares.

Invest Securities and the issuer have signed an analysis services agreement.

in € / share	2023e	2024e	2025e
Adjusted EPS	0,20	0,27	0,29
chg.	-11,8%	+36,1%	+6,6%
estimates chg.	-0%	-0%	-20%
au 31/12	2023e	2024e	2025e
PE	0,0x	0,0x	0,0x
EV/Sales	n.s.	n.s.	n.s.
EV/Adjusted EBITD	n.s.	n.s.	23,1x
EV/Adjusted EBITA	n.s.	n.s.	23,1x
FCF yield*	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.

* After tax op. FCF before WCR

key points			
Closing share price	27/02/2024		1,9
Number of Shares (m)			62,0
Market cap. (€m)			116
Free float (€m)			95
ISIN			ESO167733015
Ticker			ORY-ES
DJ Sector			Health Technology
	1m	3m	Ytd
Absolute perf.	-2,6%	-8,6%	-0,7%
Relative perf.	-3,0%	-13,8%	-2,6%

Source : Factset, Invest Securities estimates

FINANCIAL DATA

Share information	2018	2019	2020	2021	2022	2023e	2024e	2025e
Published EPS (€)	-0,03	-0,08	0,14	0,13	0,22	0,20	0,27	0,29
Adjusted EPS (€)	-0,03	-0,08	0,14	0,13	0,22	0,20	0,27	0,29
<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	1,00

Valuation ratios	2018	2019	2020	2021	2022	2023e	2024e	2025e
P/E	n.s.	n.s.	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x
EV/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	23,1x
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	23,1x
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price in €	0,0	2,4	0,0	0,0	0,0	0,0	0,0	0,0
Market cap.	0	121	39	39	39	39	39	39
Net Debt	-23	-27	-29	-13	7	-1	-2	-2
Minorities	0	0	0	0	0	0	0	1
Provisions/ near-debt	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	1
Entreprise Value (EV)	-22	95	10	26	46	38	37	39

Income statement (€m)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Sales	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<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	-3	-4	-5	-8	-6	-5	-2	2
adjusted EBITA	-3	-4	-5	-8	-6	-5	-2	2
<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>
EBIT	-3,3	-3,8	-5,3	-8,0	-5,9	-5,0	-2,0	1,7
Financial result	-1	-1	13	15	18	17	19	20
Corp. tax	3	1	0	0	0	0	0	0
Minorities+affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-1,2	-3,7	7,6	6,9	12,5	12,1	16,7	22,1
Adjusted net att. profit	-1,2	-3,7	7,6	6,9	12,5	12,1	16,7	22,1
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	-10,0%	+81,6%	-3,0%	+38,2%	+32,4%

Cash flow statement (€m)	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	-3,1	-3,7	-5,3	-8,0	-5,9	-5,0	-2,0	1,7
Theoretical Tax / EBITA	2,5	0,9	0,0	0,0	0,0	0,0	0,0	0,0
Capex	-7,0	-9,6	-9,1	-12,2	-17,0	-15,8	-17,4	-19,1
Operating FCF bef. WCR	-7,6	-12,4	-14,4	-20,2	-22,9	-20,8	-19,3	-17,4
Change in WCR	0,3	0,3	-1,2	0,0	0,0	0,0	0,0	0,0
Operating FCF	-7,3	-12,1	-15,6	-20,2	-22,9	-20,8	-19,3	-17,4
Acquisitions/disposals	0,1	0,5	0,1	0,0	0,0	0,0	0,0	0,0
Capital increase/decrease	11,9	18,4	18,2	0,0	0,0	10,0	19,0	15,0
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
Published Cash-Flow	4,7	6,7	2,7	-20,2	-22,9	-10,8	-0,3	-2,4

Balance Sheet (€m)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Assets	32	42	52	64	81	97	114	133
Intangible assets/GW	29	40	49	61	78	94	112	131
WCR	-9	-8	-5	-5	-5	-5	-5	-5
Group equity capital	45	61	76	71	66	72	91	109
Minority shareholders	0	0	0	0	0	0	0	1
Provisions	0	0	0	0	0	0	0	0
Net financial debt	-22,6	-26,7	-29,1	-12,8	6,6	-0,6	-2,1	-1,6

Financial ratios	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	1,3%
ROE adjusted	n.s.	n.s.	10,0%	9,7%	18,9%	16,7%	18,4%	20,3%
Gearing	n.s.	n.s.	n.s.	n.s.	10,0%	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-0,9x

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

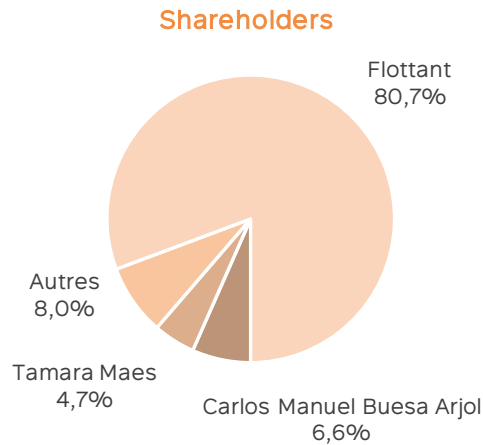
OPPORTUNITIES

- Potential partnership
- Extension of indications

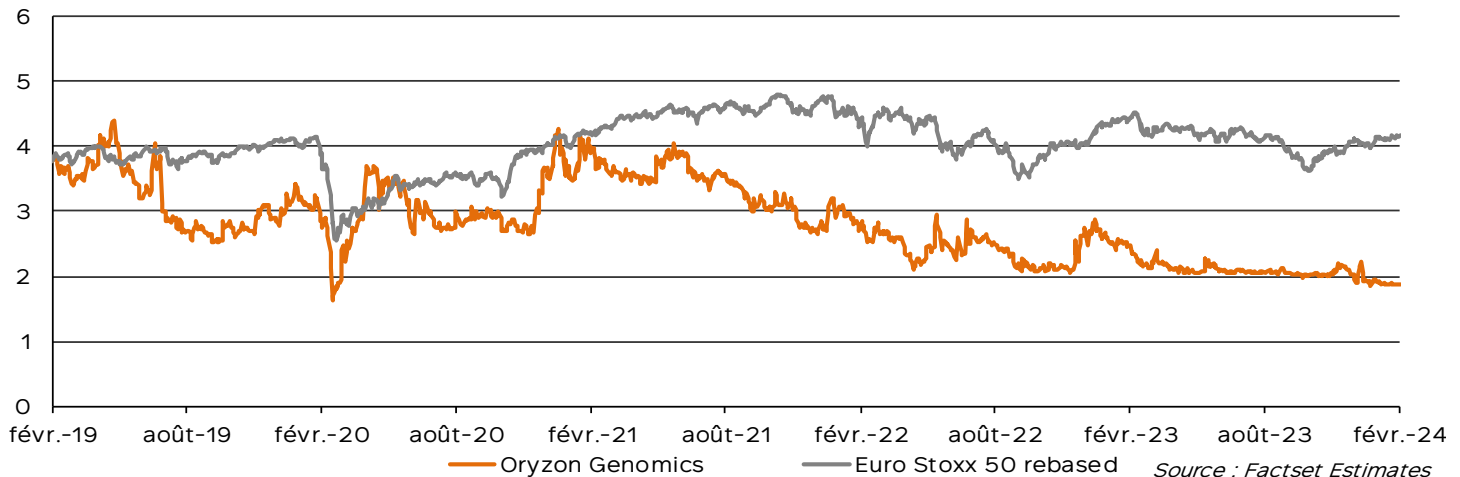
THREATS

- 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
Oryzon Genomics	Jamila El Bougrini	31-juil.-22	ACHAT	6,6	+141%

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

Invest Securities's conflict of interest management policy is available on the Invest Securities website in the Compliance section. A list of all recommendations released over 12 months as well as the quarterly publication of "BUY, SELL, NEUTRAL, OTHERS" over 12 months, are available on the Invest Securities research platform.

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